

Aegon Asset Management UK Investment Portfolios ICVC

Annual Report and Financial Statements
for the year ended 31 March 2023

Aegon Asset Management UK Investment Portfolios ICVC

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*Collectively these comprise the Authorised Corporate Directors' Report. Information specific to the Fund is detailed within its respective section.

Aegon Asset Management UK Investment Portfolios ICVC

Company Information

Authorised Corporate Director ("ACD"), Investment Manager

Aegon Asset Management UK plc¹
3 Lochside Crescent
Edinburgh
EH12 9SA

Directors of the ACD

Adrian Hull³
Andrew Mack (independent non-executive director)⁴
David Watson (independent non-executive director)⁵
Jane Daniel⁶
Kirstie MacGillivray⁷
Mary Kerrigan (independent non-executive director)
Stephen Jones
Tom Scherer (non-executive director)

Secretary of the ACD

Gordon Syme⁸
Tom Scherer⁹

Registrar

Northern Trust Global Services SE UK Branch¹
50 Bank Street
London
E14 5NT

Property Manager

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

Depositary

Citibank UK Limited²
Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

Custodian

Citibank N.A. London Branch¹
Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

Independent Auditors

PricewaterhouseCoopers LLP
141 Bothwell Street
Glasgow
G2 7EQ

Independent Valuer

CBRE Limited
Henrietta House
Henrietta Place
London
W1G 0NB

¹ Authorised and regulated by the Financial Conduct Authority.

² Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

³ Adrian Hull was appointed as a Director of Aegon Asset Management UK plc on 1 September 2022.

⁴ Andrew Mack was appointed as a Director of Aegon Asset Management UK plc on 21 September 2022.

⁵ David Watson resigned as a Director of Aegon Asset Management UK plc on 21 September 2022.

⁶ Jane Daniel resigned as a Director of Aegon Asset Management UK plc on 30 December 2022.

⁷ Kirstie MacGillivray was appointed as a Director of Aegon Asset Management UK plc on 1 September 2022.

⁸ Gordon Syme resigned as the Secretary of the ACD on 1 July 2022.

⁹ Tom Scherer was appointed as the Secretary of the ACD on 1 July 2022.

Aegon Asset Management UK Investment Portfolios ICVC

Report of the Authorised Corporate Director

The Company

Aegon Asset Management UK Investment Portfolios ICVC (the "Company") is an Open-Ended Investment Company ("OEIC") with variable capital, Non-UCITS Retail Scheme ("NURS"), and has Property Authorised Investment Fund ("PAIF") status, as defined in Part 4A of the Tax Regulations and the Glossary to the FCA Handbook, incorporated in England on 26 February 2014. It is governed by the OEIC Regulations, the Collective Investment Schemes sourcebook ("COLL") and its Instrument of Incorporation. The registered number of the Company is IC000988.

The shareholders have no interest in the Scheme Property, and are not liable for the debts of the Company.

The Company is an umbrella company with one sub-fund as at 31 March 2023.

Authorised Status

The Company 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 Company was authorised by the Financial Conduct Authority ("FCA") on 26 February 2014 and its Instrument of Incorporation was registered with the Registrar of Companies for England & Wales on 26 February 2014. The Company is an Alternative Investment Fund ("AIF") for the purposes of the FCA Rules. The Company was granted AIF status on 21 July 2014. A unit trust in umbrella form (Aegon Asset Management UK Unit Trust (the "Trust")) was launched for those investors unable to invest directly in the Aegon Property Income Fund. The unit trust has two sub-funds: Aegon Property Income Feeder (Income) Fund and Aegon Property Income Feeder (Accumulation) Fund (the "Feeder Funds").

The Financial Statements

We are pleased to present the annual financial statements for the year ended 31 March 2023.

As required by the OEIC Regulations, information for Aegon Property Income Fund ("the Fund") has been included in these financial statements. We have provided a detailed description of the strategy that was adopted during the year under review.

Changes to the Prospectus

There were no changes to the prospectus in the period from 1 April 2022 to 31 March 2023.

Value Statement

The value statement for the Aegon Asset Management UK Investment Portfolios ICVC 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 Fund on 9 August 2021. The objective is now to liquidate all the assets 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 plc waived the Annual Management Charge (the "AMC") of 0.60% in full as of 1 March 2023.

Aegon Asset Management UK Investment Portfolios ICVC

Statements of Responsibility

Statement of Authorised Corporate Director's ("ACD's") Responsibilities

The Rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook require the Authorised Corporate Director ("ACD") to prepare financial statements for each accounting year that give a true and fair view of the financial affairs of the Company and of its net revenue and the net capital losses for the year.

In preparing the financial statements the Authorised Corporate Director 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;
- take reasonable steps for the prevention and detection of fraud, error, and non-compliance with law or regulations.

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

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

Authorised Corporate Director'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.



Kirstie MacGillivray



Stephen Jones

Edinburgh
26 July 2023

Aegon Asset Management UK Investment Portfolios ICVC

Depositary's Report

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of the Aegon Asset Management UK Investment Portfolios ICVC ("the Company") for the Period ended 31 March 2023.

The Depositary is responsible for the safekeeping of all the property of the Company (other than tangible moveable property) 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 Depositary to take reasonable care to ensure that the Company is managed and operated by the Authorised Corporate Director in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("the Sourcebook"), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), the Company's Instrument of Incorporation, and the Prospectus, as appropriate, concerning: the pricing of and dealing in Shares in the Company; the application of income of the Company; and the investment portfolio and borrowing activities of the Company.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Depositary of the Company, based on information and explanations provided to us, we believe that, in all material respects, the Company, acting through the Authorised Corporate Director:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Sourcebook, and where applicable, the OEIC regulations, the Company's Instrument of Incorporation, and the Prospectus;
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company; and
- (ii) has, otherwise, ensured the proper operation of the Company.

Citibank UK Limited
London

26 July 2023

Aegon Asset Management UK Investment Portfolios ICVC

Independent Auditors' report to the Shareholders of Aegon Asset Management UK Investment Portfolios ICVC

Report to the audit of the financial statements

Opinion

In our opinion, the financial statements of Aegon Asset Management UK Investment Portfolios ICVC (the "Company"):

- give a true and fair view of the financial position of the Company and its sub-fund as at 31 March 2023 and of the net revenue and the net capital losses on the scheme property of the Company and its sub-fund 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 Instrument of Incorporation.

Aegon Asset Management UK Investment Portfolios ICVC is an Open Ended Investment Company ("OEIC") with a single sub-fund. The financial statements of the Company comprise the financial statements of its sub-fund. We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2023; the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders and the Cash Flow Statement for the year then ended; the Distribution Tables; and the notes to the financial statements, which include a description of the significant accounting policies.

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 Company 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 1a 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 Corporate Director 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 Corporate Director's Report

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

Aegon Asset Management UK Investment Portfolios ICVC

Independent Auditors' report to the Shareholders of Aegon Asset Management UK Investment Portfolios ICVC (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Statement of Authorised Corporate Director's (ACD's) Responsibilities, the Authorised Corporate Director 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 Corporate Director 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 Corporate Director is responsible for assessing the Company's and its sub-fund's 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 Corporate Director either intends to wind up or terminate the Company or its sub-fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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 Company/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 Company and judgements and assumptions made by management in their significant accounting estimates. Audit procedures performed included:

- Discussions with the Authorised Corporate Director, 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 Corporate Director's board of directors;
- Identifying and testing journal entries, specifically any journals with unusual account combinations or unusual timings and journals posted as part of the financial year end close process;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of investment properties and the recoverability of tenant debtors.

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. 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 Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 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.

Aegon Asset Management UK Investment Portfolios ICVC

Independent Auditors' report to the Shareholders of Aegon Asset Management UK Investment Portfolios ICVC (continued)

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

26 July 2023

Aegon Asset Management UK Investment Portfolios ICVC

Independent Valuers' Report

CBRE Limited, acting in its capacity as appointed standing independent valuer to Aegon Property Income Fund (the "Fund"), has valued the immoveables held by the Fund as at 31 March 2023 in accordance with the Royal Institution of Chartered Surveyors ("RICS") Global Standards 2017 including the International Valuation Standards and the RICS Valuation - Professional Standards UK January 2014 (revised April 2015) and in accordance with 8.4.13R of the Collective Investment Schemes sourcebook. The immoveables have been valued on the basis of Fair Value as defined in the RICS Valuation - Professional Standards subject to existing leases. Aegon Asset Management UK plc, as Authorised Corporate Director of the Fund, has been provided with a full valuation certificate dated 31 March 2023.

We have been provided with information from the Fund's property managers including tenancy schedules and, where we have not measured the immoveables ourselves, floor areas. We have assumed that the Fund's interests in the immoveables are not subject to any onerous restrictions, to the payment of any unusual outgoings or to any changes, easements or rights of way, other than those to which we have referred in our reports. We rely upon the property managers to keep us advised of any changes that may occur in the investments. We are not generally instructed to carry out structural surveys or test any of the service installations. Our valuations therefore have regard only to the general condition of the immoveables evident from our inspections. We have assumed that no materials have been used in the construction or subsequent alteration of the buildings which are deleterious, hazardous or likely to cause structural defects. We are not instructed to carry out investigations into environmental contamination which might affect the immoveables and our valuations assume the immoveables are not adversely affected by any environmental contamination.

In our opinion the aggregate value of the market values of the immoveables owned by the Fund as at 31 March 2023 is £27,425,000. This figure represents the aggregate of the individual values attributable to the individual immoveables and should not be regarded as a valuation of the portfolio as a whole in the context of a sale as a single lot.

No allowances are made for any expenses of realisation, or for taxation, which might arise in the event of a disposal. The immoveables are considered as if free and clear of all mortgages or other charges which may be secured thereon. Valuations are prepared and expressed exclusive of VAT. The 16 March 2016 Budget issued by UK Government and enacted as part of the Finance Act on 15 September 2016 changed the basis of assessing Stamp Duty Land Tax in England and Wales to a tiered approach and this has been adopted in the valuation as at 31 March 2023. Pending clarity in the market's response to the new International Property Measurement Standard ("IPMS"), we have continued to use floor areas as defined by the RICS Code of Measuring Practice 6th Edition 2007. This has been discussed and agreed with the Fund Manager.

For the avoidance of doubt this Explanatory Note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared.

Julian Eade MRICS
Senior Director
CBRE Limited

26 July 2023

Emma Curd MRICS
Director
CBRE Limited

26 July 2023

Aegon Asset Management UK Investment Portfolios ICVC

Aegon Property Income Fund closure

On 9 July 2021 Aegon Asset Management UK plc confirmed that the Fund and the Feeder funds would close on 9 August 2021.

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, a fourth distribution of £27m on 22 April 2022, a fifth pro-rata distribution of £22m on 30 June 2022, and a sixth pro-rata distribution of £27m on 7 December 2022.

The total amount distributed back to investors is 74% of the closure Net Asset Value ("NAV").

There was a seventh pro-rata distribution of £19m on 28 April 2023, and an eighth pro-rata distribution of £14m was paid on 27 June 2023.

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 Property Income Fund

Fund objective

The Fund aims to provide a combination of income and capital growth over any 7 year period. The investment objective is to carry on Property Investment Business and to manage cash raised from investors for investment in the Property Investment Business. In light of the closure of the 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 investment policy is to invest at least 60% of the Fund in a diversified portfolio of commercial property in the British Isles. The Fund may invest in any commercial property sector and may invest in a mix of freehold and leasehold properties.

To the extent that the Fund is not fully invested in the main asset class listed above, the Fund may also invest in other types of property-related assets, including real estate investment trusts, as well as collective investment schemes (which may include schemes managed by the ACD) and transferable securities, money market instruments, deposits, and cash and near cash.

The ACD selected investments that offer attractive income returns and asset management potential. The ACD sought to add value by actively managing the portfolio of properties to enhance its capital value and rental income.

The Fund was actively managed and the ACD sought to achieve diversification across regions in the British Isles and sectors when constructing the portfolio.

Risk profile

The Fund was designed for retail and institutional investors seeking pooled exposure from investments mainly in commercial property in the British Isles and who are comfortable with a medium level of investment risk. In most cases, we expect the Fund to be held as part of a diversified portfolio which may include other assets such as bonds, equities and cash. Property prices will fluctuate and may fall significantly in value. Consequently, it is important to understand that the 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 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 Fund's returns.
- The 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 Fund is actively managed and exposed to a range of risks, which are listed and defined in the Aegon Asset Management UK Investment Portfolios ICVC 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.

Review of Fund activities

The Fund announced on 9 August 2021 that the Aegon Asset Management UK Board, in agreement with the Depositary, had decided to take the required steps to close the Aegon Property Income Fund ("APIF") and its associated Feeder Funds. This decision was taken having reassessed and stress-tested our assumptions for likely redemptions in view of a continued deterioration in investor sentiment seen across the sector. We noted an increase in the level of anticipated redemptions, which means that more property sales would be required to raise further liquidity. Given these factors, we were concerned about our ability to meet the Funds' investment objectives whilst also delivering daily liquidity to investors. Accordingly, we believe it is in the best interests of all our investors to close the Fund and focus on returning capital to investors as quickly as possible.

On 12 August 2021, 44% of the closing NAV was returned to investors, with the expectation that there would be quarterly capital payments to investors following property sales. At the time of the liquidation announcement it was expected that it would take 2 years to liquidate the portfolio. Whilst we had hoped to conclude the majority of sales by December 2022, the UK Government's mini budget in September 2022 stalled our sales as buyers became nervous as a result of the negative effect the mini budget had on pricing, confidence and appetite in all sectors. As at 31 March 2023, the Fund held 48.47% liquidity and up till this date had made six distributions equating to 74% of the NAV at the time of the closure announcement. An additional capital distribution of £19m was paid on 28 April 2023 and a further £14m was paid on 27 June 2023.

Rent collection

Quarterly rent collection has now recovered to the levels that we saw pre-pandemic. We continue to work closely with our occupiers to monitor financial performance and to ensure the historic arrears that accrued during the pandemic are recovered.

Sales update

Since the Fund closed in August 2021, the Fund has sold 29 assets for a total of circa £134m. The Fund has four assets remaining, with one exchanged at £11.275m. All three of the remaining assets are under offer for sale, with the purchasers undertaking their due diligence on the properties. We expect to have completed all the sales by the end of 2023, but this is dependent on market conditions and the macro-economic environment.

Aegon Property Income Fund

Performance*

The Fund returned (37.67)% over the twelve month period to 31 March 2023, compared to (10.80)% for the IA UK Direct Property benchmark. The Fund changed to this benchmark in Quarter 3 2019.

The Fund's below benchmark performance over the twelve months reflects the continued impact of the downturn in the market caused by global events such as the aftermath of the pandemic, the war in Ukraine as well as the UK Government's mini budget which caused shock waves through the markets. The Fund is also selling down its assets in line with its announcement to close and so has true market price discovery for all its assets in a rapidly falling market.

Authorised status

The Fund is a Non-UCITS Retail Scheme and has Property Authorised Investment Fund ("PAIF") status, as defined in Part 4A of the Tax Regulations and the Glossary to the FCA Handbook, in accordance with the classifications of the Collective Investment Schemes sourcebook of the Financial Conduct Authority. The Fund is an Alternative Investment Fund ("AIF") for the purposes of the FCA Rules.

*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 Fund's performance against the performance of other funds within Investment Association UK Direct Property Sector. Comparison of the Fund against this Sector will give investors an indication of how the 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 Fund

Expense ratios

As at 31 March 2023	B Net Acc	B Net Inc	B Gross Acc	B Gross Inc	F Gross Acc [†]	F Gross Inc [†]
ACD's periodic charge ¹	0.57%	0.57%	0.57%	0.57%	-	-
Other Fund operating expenses	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%
Fund closure expenses ²	(0.56)%	(0.56)%	(0.56)%	(0.56)%	(0.56)%	(0.56)%
Ongoing charges figure ("OCF") ³	0.38%	0.38%	0.38%	0.38%	(0.19)%	(0.19)%
Property expense ratio ("PER") ⁴	2.53%	2.53%	2.53%	2.53%	2.53%	2.53%
Real estate expense ratio (OCF + PER)	2.91%	2.91%	2.91%	2.91%	2.34%	2.34%

As at 31 March 2022	B Net Acc	B Net Inc	B Gross Acc	B Gross Inc	F Gross Acc [†]	F Gross Inc [†]
ACD's periodic charge	0.60%	0.60%	0.60%	0.60%	-	-
Other Fund operating expenses	0.17%	0.17%	0.17%	0.17%	0.17%	0.17%
Fund closure expenses ²	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
Ongoing charges figure ("OCF") ³	1.07%	1.07%	1.07%	1.07%	0.47%	0.47%
Property expense ratio ("PER") ⁴	1.41%	1.41%	1.41%	1.41%	1.41%	1.41%
Real estate expense ratio (OCF + PER)	2.48%	2.48%	2.48%	2.48%	1.88%	1.88%

¹ The B share class ACD fee changed from 0.60% to 0.00% on 1 March 2023.

² Fund closure expenses includes estimated expenses in relation to the Fund liquidation, and additional accrued Fund operating expenses for the next year. These Fund closure expenses are being accrued under accounting policies and are not an estimate by Aegon Asset Management on when the Fund will be closed.

³ The Ongoing Charges Figures ("OCF") is calculated as the ratio of the total expenses to the average net asset value of the Fund over the year. The OCF is made up of the ACD's periodic charge and other operating costs deducted from the assets of the Fund during the year, except for those payments that are explicitly excluded by regulations.

⁴ The Property Expense Ratio ("PER") reflects any additional costs associated with the day-to-day operation of the direct property assets and is presented as a percentage of average net assets over the year.

[†] F share classes are only available to the Feeder Funds.

Aegon Property Income Fund

Comparative tables

B Net Accumulation shares			
	2023	Restated 2022	2021
	(pence per share)	(pence per share)	(pence per share)
Change in net asset value per share			
Opening net assets per share	104.99	112.44	124.69
Return before operating charges and property expenses*	(35.43)	(4.17)	(8.01)
Operating charges	(0.89)	(0.84)	(0.93)
Fund closure expenses	0.53	(0.31)	-
Property expenses	(2.39)	(1.53)	(2.55)
Return after operating charges and property expenses*	(38.18)	(6.85)	(11.49)
Distributions	(3.10)	(4.25)	(4.87)
Retained distributions on accumulation shares	2.94	3.65	4.11
Closing net assets per share	66.65	104.99	112.44
*after direct transaction costs of:	0.29	(0.01)	0.26
Performance			
Return after charges	(36.37)%	(6.09)%	(9.21)%
Other information			
Closing net asset value (£'000)	7,248	23,371	55,029
Closing number of shares	10,874,258	22,259,103	48,939,644
Operating charges	0.94%	0.77%	0.70%
Fund closure expenses	(0.56)%	0.30%	-
Property expenses	2.53%	1.41%	2.15%
Direct transaction costs [†]	0.31%	(0.01)%	0.22%
Prices			
Highest share price	107.75	111.34	123.34
Lowest share price	67.12	104.70	111.21
B Net Income shares			
	2023	Restated 2022	2021
	(pence per share)	(pence per share)	(pence per share)
Change in net asset value per share			
Opening net assets per share	74.63	82.68	94.93
Return before operating charges and property expenses*	(24.54)	(3.02)	(5.99)
Operating charges	(0.62)	(0.61)	(0.70)
Fund closure expenses	0.37	(0.23)	-
Property expenses	(1.68)	(1.11)	(1.91)
Return after operating charges and property expenses*	(26.47)	(4.97)	(8.60)
Distributions	(2.18)	(3.08)	(3.65)
Retained distributions on accumulation shares	-	-	-
Closing net assets per share	45.98	74.63	82.68
*after direct transaction costs of:	0.20	-	0.19
Performance			
Return after charges	(35.46)%	(6.01)%	(9.06)%
Other information			
Closing net asset value (£'000)	2,921	9,689	26,221
Closing number of shares	6,354,246	12,983,553	31,715,136
Operating charges	0.94%	0.77%	0.70%
Fund closure expenses	(0.56)%	0.30%	-
Property expenses	2.53%	1.41%	2.15%
Direct transaction costs [†]	0.31%	(0.01)%	0.22%
Prices			
Highest share price	76.30	81.86	93.78
Lowest share price	46.30	75.56	81.90

[†]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 Fund. The current negative charge reflects the fact that the Fund has collected a dilution adjustment but has not yet incurred all costs of fully investing the portfolio.

Aegon Property Income Fund

Comparative tables (continued)

B Gross Accumulation shares	Restated		
	2023 (pence per share)	2022 (pence per share)	2021 (pence per share)
Change in net asset value per share			
Opening net assets per share	112.00	119.28	131.42
Return before operating charges and property expenses*	(37.85)	(4.43)	(8.45)
Operating charges	(0.95)	(0.89)	(0.99)
Fund closure expenses	0.57	(0.34)	-
Property expenses	(2.55)	(1.62)	(2.70)
Return after operating charges and property expenses*	(40.78)	(7.28)	(12.14)
Distributions	(3.30)	(4.52)	(5.15)
Retained distributions on accumulation shares	3.30	4.52	5.15
Closing net assets per share	71.22	112.00	119.28
*after direct transaction costs of:	0.31	(0.01)	0.27
Performance			
Return after charges	(36.41)%	(6.10)%	(9.24)%
Other information			
Closing net asset value (£'000)	3,267	10,511	23,361
Closing number of shares	4,587,718	9,384,471	19,585,095
Operating charges	0.94%	0.77%	0.70%
Fund closure expenses	(0.56)%	0.30%	-
Property expenses	2.53%	1.41%	2.15%
Direct transaction costs [†]	0.31%	(0.01)%	0.22%
Prices			
Highest share price	114.94	118.14	130.10
Lowest share price	71.72	111.48	117.97
B Gross Income shares			
B Gross Income shares	Restated		
	2023 (pence per share)	2022 (pence per share)	2021 (pence per share)
Change in net asset value per share			
Opening net assets per share	74.63	82.68	94.93
Return before operating charges and property expenses*	(24.54)	(3.02)	(5.99)
Operating charges	(0.62)	(0.61)	(0.70)
Fund closure expenses	0.37	(0.23)	-
Property expenses	(1.68)	(1.11)	(1.91)
Return after operating charges and property expenses*	(26.47)	(4.97)	(8.60)
Distributions	(2.18)	(3.08)	(3.65)
Retained distributions on accumulation shares	-	-	-
Closing net assets per share	45.98	74.63	82.68
*after direct transaction costs of:	0.20	-	0.19
Performance			
Return after charges	(35.47)%	(6.01)%	(9.06)%
Other information			
Closing net asset value (£'000)	7,833	25,984	59,299
Closing number of shares	17,036,626	34,816,095	71,724,013
Operating charges	0.94%	0.77%	0.70%
Fund closure expenses	(0.56)%	0.30%	-
Property expenses	2.53%	1.41%	2.15%
Direct transaction costs [†]	0.31%	(0.01)%	0.22%
Prices			
Highest share price	76.30	81.89	93.85
Lowest share price	46.30	75.59	81.92

[†]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 Fund. The current negative charge reflects the fact that the Fund has collected a dilution adjustment but has not yet incurred all costs of fully investing the portfolio.

Aegon Property Income Fund

Comparative tables (continued)

F Gross Accumulation shares ^{††}	Restated		
	2023 (pence per share)	2022 (pence per share)	2021 (pence per share)
Change in net asset value per share			
Opening net assets per share	118.69	125.65	137.49
Return before operating charges and property expenses*	(40.30)	(4.67)	(8.88)
Operating charges	(0.40)	(0.21)	(0.13)
Fund closure expenses	0.60	(0.36)	-
Property expenses	(2.71)	(1.72)	(2.83)
Return after operating charges and property expenses*	(42.81)	(6.96)	(11.84)
Distributions	(3.51)	(4.78)	(5.40)
Retained distributions on accumulation shares	3.51	4.78	5.40
Closing net assets per share	75.88	118.69	125.65
*after direct transaction costs of:	0.33	(0.01)	0.29
Performance			
Return after charges	(36.07)%	(5.54)%	(8.61)%
Other information			
Closing net asset value (£'000)	21,295	68,817	158,950
Closing number of shares	28,063,326	57,980,456	126,503,440
Operating charges	0.37%	0.17%	1.10%
Fund closure expenses	(0.56)%	0.30%	-
Property expenses	2.53%	1.41%	2.15%
Direct transaction costs [†]	0.31%	(0.01)%	0.22%
Prices			
Highest share price	123.06	125.77	137.59
Lowest share price	77.21	119.01	125.55
F Gross Income shares^{††}			
	2023 (pence per share)	Restated 2022 (pence per share)	2021 (pence per share)
Change in net asset value per share			
Opening net assets per share	79.09	87.09	99.31
Return before operating charges and property expenses*	(26.14)	(3.19)	(6.29)
Operating charges	(0.26)	(0.14)	(0.09)
Fund closure expenses	0.39	(0.25)	-
Property expenses	(1.78)	(1.17)	(2.01)
Return after operating charges and property expenses*	(27.79)	(4.75)	(8.39)
Distributions	(2.31)	(3.25)	(3.83)
Retained distributions on accumulation shares	-	-	-
Closing net assets per share	48.99	79.09	87.09
*after direct transaction costs of:	0.22	(0.01)	0.20
Performance			
Return after charges	(35.13)%	(5.45)%	(8.45)%
Other information			
Closing net asset value (£'000)	9,602	32,181	76,870
Closing number of shares	19,598,148	40,687,667	88,264,129
Operating charges	0.37%	0.17%	0.10%
Fund closure expenses	(0.56)%	0.30%	-
Property expenses	2.53%	1.41%	2.15%
Direct transaction costs [†]	0.31%	(0.01)%	0.22%
Prices			
Highest share price	81.73	87.17	99.26
Lowest share price	49.85	80.72	87.02

[†]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 Fund. The current negative charge reflects the fact that the Fund has collected a dilution adjustment but has not yet incurred all costs of fully investing the portfolio.

^{††}F share classes are only available to the Feeder Funds.

Aegon Property Income Fund

Portfolio Statement

The Fund's investments as at 31 March 2023

Location	Investment	Sector	Market value £'000	Total net assets %
	Direct properties (31 March 2022: 80.63%)			
	Market value over £15,000,000 (31 March 2022: 9.51%)			
	Market value between £10,000,000 and £15,000,000 (31 March 2022: 33.08%)			
Leeds	2 City Walk, Victoria Road	Offices		
	Total market value between £10,000,000 and £15,000,000		10,525	20.18
	Market value between £5,000,000 and £10,000,000 (31 March 2022: 27.67%)			
Birmingham	22 & 35 Gas Street	Offices		
Preston	Premier Inn, Fox Street	Leisure		
	Total market value between £5,000,000 and £10,000,000		15,600	29.90
	Market value under £5,000,000 (31 March 2022: 11.18%)			
London	226 & 227/228 The Strand	Retail		
	Total market value under £5,000,000		1,300	2.49
	Total valuation per independent valuer		27,425	52.57
	Deductions for the lease incentive adjustment*		(422)	(0.81)
	Total direct properties after fair value adjustments		27,003	51.76
	Portfolio of investments		27,003	51.76
	Net other assets		25,163	48.24
	Total net assets attributable to shareholders		52,166	100.00

*The fair value of direct properties as at 31 March 2023 is calculated after deductions for the lease incentives amounting to £422,000 (31 March 2022: £1,805,000). The value of lease incentive adjustments is shown within Debtors (Note 10).

The fair value of direct properties as at 31 March 2023 is calculated after additions for the finance lease amounting to £Nil (31 March 2022: £434,000). The value of finance lease adjustments is shown within Other creditors (Note 12).

Aegon Property Income Fund

Statement of Total Return for the year ended 31 March 2023

	Note	£'000	2023 £'000	£'000	Restated 2022 £'000
Income					
Net capital losses	5		(43,204)		(30,024)
Revenue	6	12,777		18,920	
Expenses	7	<u>(10,324)</u>		<u>(10,419)</u>	
Net revenue before taxation		2,453		8,501	
Taxation	8	<u>-</u>		<u>-</u>	
Net revenue after taxation			<u>2,453</u>		<u>8,501</u>
Total return before distributions			(40,751)		(21,523)
Distributions	9		<u>(3,577)</u>		<u>(10,721)</u>
Change in net assets attributable to shareholders from investment activities			(44,328)		(32,244)

Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 March 2023

	£'000	2023 £'000	£'000	2022 £'000
Opening net assets attributable to shareholders		170,553		399,730
Capital distributions paid to shareholders	(76,032)		(203,863)	
Amounts payable on cancellation of shares	<u>(923)</u>		<u>(1,216)</u>	
		(76,955)		(205,079)
Dilution adjustment		789		2,095
Change in net assets attributable to shareholders from investment activities		(44,328)		(32,244)
Retained distribution on accumulation shares		<u>2,107</u>		<u>6,051</u>
Closing net assets attributable to shareholders		52,166		170,553

Aegon Property Income Fund

Balance Sheet as at 31 March 2023

		2023		2022	
	Note	£'000	£'000	£'000	£'000
Assets					
Current assets:					
Investment properties*		27,003		137,524	
Debtors	10	3,217		4,366	
Cash and cash equivalents	11	<u>24,428</u>		<u>40,209</u>	
Total assets			54,648		182,099
Liabilities					
Creditors					
Distribution payable		-		31	
Other creditors	12	<u>2,482</u>		<u>11,515</u>	
Total liabilities			<u>2,482</u>		<u>11,546</u>
Net assets attributable to shareholders			52,166	170,553	

*Investment properties (previously land and buildings) are classified as current assets as the Fund has been prepared on a basis other than going concern.

Aegon Property Income Fund

Cash Flow Statement for the year ended 31 March 2023

	2023	Restated
	£'000	2022
		£'000
Cash flows from operating activities		
Net revenue after taxation	2,453	8,501
Adjustments for:		
Interest received	(307)	(43)
Decrease in debtors	1,149	3,422
Decrease in creditors	(3,913)	(3,404)
Cash from operations	(618)	8,476
Income taxes paid	(68)	(392)
Net cash (used in)/generated from operating activities	(686)	8,084
Cash flows from investing activities		
Proceeds from sale of Investment properties	67,485	152,227
Capital expenses	(5,291)	(8,521)
Interest received	307	43
Net cash generated from investing activities	62,501	143,749
Cash flows from financing activities		
Amounts paid on cancellation of shares	(921)	(1,218)
Special dividend paid	(76,079)	(204,082)
Dilution adjustment	789	2,095
Distributions paid	(1,385)	(4,424)
Net cash used in financing activities	(77,596)	(207,629)
Net decrease in cash and bank balances	(15,781)	(55,796)
Cash and cash equivalents at beginning of year	40,209	96,005
Cash and cash equivalents at end of year	24,428	40,209

Aegon Property Income Fund

Notes to the Financial Statements

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 Company's Instrument of Incorporation.

The Authorised Corporate Director intends to wind up the Company and terminate its sub-fund 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 Company. These have been disclosed within Note 7 Expenses, and Note 12 Other creditors.

b) Basis of valuation of investments

Direct properties

Initially direct properties and properties under construction are recognised at cost, including SDLT and other transaction costs, and reduced for amounts received from the vendor associated with the purchase of the asset. Agreements for the unconditional and irrevocable acquisition or disposal of direct properties which are in existence but uncompleted shall be assumed to have been completed.

Direct properties have been valued on the basis of market value, and have been arrived at primarily after consideration of market evidence for comparable properties. Direct properties are independently valued on an open market value in accordance with Royal Institution of Chartered Surveyors ("RICS") Appraisal and Valuation Standards (The Red Book) as advised by the Independent Valuer in accordance with the Prospectus on a monthly basis. Where the ACD, the Depositary or Independent Valuer have reasonable grounds to believe that the most recent valuation of an immovable does not reflect the current value of that immovable, the immovable will be valued at a value that is fair and reasonable. Where legal completion of a purchase is not fully executed at the date of the Balance Sheet, but takes place subsequently (or, in the case of development properties purchased for development, where no work has yet taken place, the property is shown at cost unless, in the opinion of the Authorised Corporate Director ("ACD"), there may be a material difference between cost and valuation on completion. These property investments were last valued by Julian Eade MRICS, Senior Director, and Emma Curd MRICS, Director, CBRE Limited, on the 31 March 2023.

In accordance with FRS 102 the value at which the properties are stated in the Balance Sheet is reduced by the total of unamortised lease incentives included as a separate asset within debtors.

The definition of 'Market Value' in the Valuation Standards is: "The estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

For practical purposes, there would be no difference between Fair Value and Market Value.

c) Direct property purchases and sales

Acquisitions and disposals of direct properties are recognised where, by the end of the accounting year, there is a legally binding, unconditional, and irrevocable contract.

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 reduced from net proceeds from the sale of investments.

d) Revenue

Deposit interest and other revenue are accounted for on an accruals basis. Equalisation on distributions received is treated as a repayment of capital and deducted from the cost of the investment.

Rental income is accounted for on an accruals basis. Rental income received in advance is deferred and recognised over the period to which it relates. In accordance with FRS 102, rental income from properties which have been subject to a rent free period or incentive, is accounted for on a straight line basis over the period of the lease. In order not to overstate the total value of the Fund the valuation of direct properties is reduced by all unamortised lease incentives.

Where rental guarantees or rental top ups are received from a vendor as part of a property purchase, these will be recognised as income in accordance with the terms set out in each purchase agreement.

e) Expenses

The ACD's periodic charge and all expenses (other than those relating to the operation of direct property holdings within the Fund) are initially charged to the revenue property of the Fund, 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.

Abortive acquisition costs incurred are charged when the transaction does not complete. They are initially charged to the revenue property of the Fund and are deducted from capital for the purpose of calculating any distribution as detailed in the distribution policies.

Expenses are classified as capital or revenue based on the nature of expenditure. All expenses relating to purchase or sale of properties are classified as Capital as will any expenditure in relation to alterations or improvements of the properties.

Aegon Property Income Fund

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

f) Allocation of revenue and expenses to multiple share classes

With the exception of the ACD's periodic charge which is directly attributable to individual share classes, all revenue and expenses are allocated to share classes pro-rata to the value of the net assets of the relevant share classes on the day that the revenue or expense is incurred. Taxation is computed by reference to the net revenue after expenses attributable to each share class.

g) Taxation

The Fund qualifies as a Property Authorised Investment Fund ("PAIF") for tax purposes. Accordingly, the income generated by its property investment business will be exempt from tax. Any dividend income it receives from UK companies, including non-PID income from qualifying REITs, will also be exempt from tax. Any interest accrued will also be exempt from tax.

Corporation tax relief is applicable only where the transfer of the benefit is between the revenue and capital property of at least two different share classes of the Fund. Previously, corporation tax relief could apply between the revenue and capital property of the same share class of the Fund.

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

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 ACD considers that it will be more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

h) Service charges

Service charges are covered by the tenant while the property is occupied unless specified in the lease agreement. Service charges are included within income and expenses in the Statement of Total Return.

Where there are no tenants in occupation the Fund will suffer certain non-recoverable expenses, these are referred to as void costs and have been separately disclosed under expenses in the Statement of Total Return.

i) Provision for bad debts

It is the policy of the Fund to provide for the potential non-recovery of tenants' debts by the way of a bad debts provision. The Fund is undertaking a review of its aged debtors on a monthly basis and a likelihood of recoverability is assessed for each individual debtor. This assessment encompasses rental income, service charge and insurance arrears and also applies to any lease incentives granted to tenants in the past. This process to take into account as to whether there has been an agreement put in place with the Tenant to transition to a monthly Rental Collection.

Due to current market uncertainties there is a higher risk that any bad debt will not be recoverable. Provisioning for impairment of rental debtors is considered an area of significant estimation at the balance sheet date and, as a result, we have included a sensitivity table to Note 10 Debtors to illustrate the impact of changes in assumptions and provisions for impairment of rental debtors.

The key assumption is the loss rate assumed for each credit risk rating and trading conditions of the sector that the tenant operates its business in. The sensitivity table included in the Note 10 on pages 27 and 28 illustrates the impact on provisions as a result of changing the absolute loss rate. The sensitivity performed over the bad debt provision has been to do an analysis on the recoverability of the debtors which were only partially provided for at year end. Majority of the provisions balance is related to tenants in administration or high risk sectors. As such we have performed sensitivity analysis assuming that these amounts have been fully recovered (lower limit sensitivity) and the amounts in their entirety have not been recovered (upper limit sensitivity).

j) Dilution adjustment

In order to protect existing investors from the effects of dilution, property transaction costs (including SDRT, legal fees and other transaction costs) incurred as a result of investors buying and selling shares in the Fund are recovered from those investors through a 'dilution levy' applied to the price they pay or receive.

k) Cash Flow Statement

In accordance with the requirements of FRS 102 and the SORP, a Cash Flow Statement has been provided as property investments are not deemed to satisfy the exemption criteria in FRS 102 of being highly liquid (see Note 3, Liquidity risk).

l) Leased assets

At inception the Fund Manager assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

m) Finance leases

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Manager's incremental borrowing rate is used. Incremental direct costs incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date. The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Finance lease assets are included within investment properties within the balance sheet.

Aegon Property Income Fund

Notes to the Financial Statements (continued)

2 Distribution policies

a) Distribution policy

Where at the end of the accounting year, revenue exceeds expenses and taxation, the net revenue of the Fund is available to be distributed to shareholders. Should expenses and taxation exceed revenue, there will be no distribution and the shortfall will be met from capital which may constrain capital growth. 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.

The policy of the Fund is to distribute income to shareholders in three streams (dividend, interest and property). Income is distributed, at share class level, to the shareholders in accordance with the Fund's prospectus on a monthly basis.

Revenue attributable to accumulation shareholders 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.

b) Revenue

Where rental guarantees or rental top ups are received from a vendor as part of a property purchase, these will be recognised as income in accordance with the terms set out in each purchase agreement.

c) Expenses

With the exception of void costs, bad debt, legal fees and service charges costs incurred in the operation of direct property holdings, the Fund deducts the ACD's periodic charge and all other Fund expenses from capital and not revenue for the purpose of calculating any distribution. This may constrain capital growth.

d) Equalisation

Equalisation applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of all group 2 shares and is refunded to holders of these shares 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 shares 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 for monitoring cash levels;
- 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.

In pursuing its investment objectives, the Fund may hold a number of financial instruments and other investments, including direct property. The Fund's investments may comprise commercial properties, other property-related assets including collective investment schemes and listed securities, as well as cash, deposits and money-market instruments that arise directly from the Fund's operations.

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 ACD'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.

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

The market risk arising from investing in collective investment schemes and property related securities 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.

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

During the Fund 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.

Aegon Property Income Fund

Notes to the Financial Statements (continued)

3 Risk management policies (continued)

Direct property risk

This is the risk that an asset is overvalued and is worth less than expected when it matures or is sold. Direct property is 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 independently in accordance with Royal Institution of Chartered Surveyors ("RICS") Global Standards (January 2020) including the International Valuation Standards and the RICS Valuation - Professional Standards UK January 2014 (revised April 2015) 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 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.

Yield risk

This is the risk that income generated by the 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 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 Fund portfolio increased by 0.5% it is estimated that the net asset value of the Fund would fall by £1,374,076 (31 March 2022: £9,363,223). If the yields decreased by 0.5% it is estimated that the net asset value of the Fund would rise by £1,527,101 (31 March 2022: £10,822,339). If the yield of every property within the Fund portfolio increased by 5% it is estimated that the net asset value of the Fund would fall by £9,470,328 (31 March 2022: £58,275,743) and if the yields increased by 10% the net asset value of the Fund would fall by £14,078,951 (31 March 2022: £82,103,553). If the yields decreased by 1% it is estimated that the net asset value of the Fund would rise by £3,234,296 (31 March 2022: £23,473,686), and if the yields decrease by 5% the net asset value of the Fund would rise by £30,612,121 (31 March 2022: £362,262,139). 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.

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

Liquidity management is governed by the ACD'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 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 excluding the finance lease payable as detailed in Note 12.

The negative macroeconomic impact of the Ukraine/ Russia conflict weakened investor sentiment towards UK commercial property markets, requiring repricing reflecting this, reducing market liquidity. The UK Government's mini budget caused further significant uncertainty in the market, reducing liquidity.

Counterparty risk

Counterparty risk is the risk that the failure of a counterparty to meet its obligations leads to a financial loss to the Fund, both through loss of any monies owed to the Fund by the counterparty and the cost of reinstating economic exposure in the case of counterparty default.

Counterparty risk 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 Fund will not use the counterparty.

Aegon Property Income Fund

Notes to the Financial Statements (continued)

3 Risk management policies (continued)

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 Fund invests cash in term deposits and as a result the exposure to floating interest rates is considered insignificant.

Leverage risk

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

Property default risk

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

4 Critical accounting estimation uncertainty

a) Critical accounting estimates and assumptions

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

b) Fair value of investment property

The fair value of investment property represents a significant proportion of the Fund's net asset at 51.76% (31 March 2022: 80.11%). Therefore the estimates and assumptions made to determine their carrying value during valuation are critical to the 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.

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 24.

c) Impairment of debtors

The Fund makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management consider factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience to make provisions for bad and doubtful debts. Please refer to page 22 for more information.

d) Fund closure expenses

Accruals have been included in the accounts in relation to the Fund closure for expenses and for property expenses. Expenses have been accrued for the expected charges for the year ending 31 March 2024. The property expenses are accrued on the basis of any charges for contracts entered into covering building works and property selling costs.

5 Net capital losses

Net capital losses comprise:

	2023	Restated 2022
	£'000	£'000
Investments in direct properties	(43,204)	(30,024)
Net capital losses	(43,204)	(30,024)

Total realised losses for the year were £94,562,000 (2022: losses of £65,469,000) and the movement in unrealised gains was £46,771,000 (2022: gains of £40,794,000). Where realised gains/(losses) include amounts arising in previous years, a corresponding (loss)/gain is included in unrealised gains/(losses).

Net capital losses also includes the Fund property closure expenses of £(4,587,000) (2022: £5,349,000). The property closure expenses figure is impacted by the Balance Sheet figure included in Note 12 Other creditors, Accrued Fund closure expenses. The impact this year has resulted in a negative expense.

Aegon Property Income Fund

Notes to the Financial Statements (continued)

6 Revenue

	2023	2022
	£'000	£'000
Bank interest	307	43
Rental income	4,826	13,739
Service charge income	7,644	5,138
Total revenue	12,777	18,920

Turnover rents recognised as income were £155,000 in 2023 (2022: £238,000).

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2023	2022
	£'000	£'000
No later than 1 year	1,761	4,223
Later than 1 year and no later than 5 years	6,101	7,742
Later than 5 years	7,070	185,124
Total	14,932	197,089

7 Expenses*

	2023	Restated 2022
	£'000	£'000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	243	659
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fee	19	52
Other expenses:		
Aborted acquisitions	71	142
Audit fee**	171	132
Bad debt provision***	(234)	(1,361)
FT publication fees	3	-
Fund closure expenses****	(581)	792
Legal fees	898	2,299
PRIIPS fees	3	3
Professional fees	15	36
Property accounting fee	46	46
Registration fee	57	50
Service charge expense	7,644	4,728
Valuation fees	59	125
Void costs*****	1,910	2,716
Total expenses	10,062	9,708
	10,324	10,419

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

**The amount disclosed above includes recoverable VAT. The audit fee (excluding VAT) incurred during the year was £99,739 (2022: £96,834). The fee is borne by the Aegon Property Income Fund and includes £13,518 (excluding VAT) (2022: £13,124) 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.

***The bad debt figure is impacted by the Balance Sheet figure included in Note 10 Debtors, Accrued revenue. The impact this year has resulted in a negative expense.

****The Fund closure expenses figure is impacted by the Balance Sheet figure included in Note 12 Other creditors, Accrued Fund closure expenses. The impact this year has resulted in a negative expense.

***** Void costs are non-recoverable property expenses and include rates, repairs and maintenance, ground rent, valuation, insurance and service charge shortfalls.

Aegon Property Income Fund

Notes to the Financial Statements (continued)

8 Taxation

Corporation tax has not been provided for as expenses and interest distributions payable by the Fund exceed the revenue liable to corporation tax.

Factors affecting tax charge for the year

The tax assessed for the year is lower (2022: lower) than the standard rate of corporation tax for Open Ended Investment Companies ("OEICs") of 20% (2022: 20%).

	2023	Restated 2022
	£'000	£'000
Net revenue before taxation	2,453	8,501
Corporation tax 20% (2022: 20%)	491	1,700
Effects of:		
Interest distributions	(21)	(5)
Property business exempt from tax	(470)	(1,695)
Total tax charge for the year	-	-

Whilst properties in which the Fund invests may have capital allowances attributable to them, these allowances are dependent on the relevant properties being held at the Fund's year end. Since the properties are principally held for investment purposes, there is no certainty that they will be held at the year end and as such, the Fund only recognises these allowances as they crystallise. Therefore no deferred tax asset and corresponding charge is provided for.

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

9 Distributions

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

	2023	2022
	£'000	£'000
Interim distributions	3,529	10,500
Final distribution	-	-
	3,529	10,500
Add: amounts deductible on cancellation of shares	48	221
Distributions	3,577	10,721

Details of the distributions are set out in the tables on pages 33 to 35.

b) Movement between net revenue and distribution

	2023	Restated 2022
	£'000	£'000
Net revenue after taxation	2,453	8,501
Capital reimbursement of revenue deficit	1,018	183
Expenses transferred to capital	687	1,245
Closure expenses charged to capital	(581)	792
Distributions	3,577	10,721

10 Debtors

	2023	2022
	£'000	£'000
Accrued revenue*	2,703	2,430
Lease incentive	422	1,805
Other property debtors	92	131
Debtors	3,217	4,366

*Accrued revenue includes VAT receivable of £521,000 (2022: £578,000).

Aegon Property Income Fund

Notes to the Financial Statements (continued)

10 Debtors (continued)

Sensitivity	Provision as at 31 March 2023 £'000	50% upper limit £'000	50% lower limit £'000
Provision for impairment on tenant debtors	1,299	-	-
	Provision as at 31 March 2022 £'000	50% upper limit £'000	50% lower limit £'000
Provision for impairment on tenant debtors	2,579	145	(145)

For further information please see the accounting policy 1 (i) on page 22.

11 Cash and cash equivalents

	2023 £'000	2022 £'000
Cash and bank balances	24,428	22,926
Money market deposits	-	17,283
Cash and cash equivalents	24,428	40,209

12 Other creditors

	2023 £'000	2022 £'000
Accrued expenses*	276	279
Accrued Fund closure expenses**	210	792
Accrued property closure expenses***	762	5,349
Amounts payable for cancellation of shares	2	-
Dilapidation provision	-	725
Finance lease	-	434
Rent in advance	1,035	2,528
Trade creditors	197	482
VAT payable	-	926
Other creditors	2,482	11,515

*Includes accrued ACD's periodic charge of £Nil (2022: £37,000).

**Additional expenses accrued for the year ending March 2024 in relation to the Fund closure. For further information please see the accounting policy 1 (a) on page 21.

***Additional property expenses accrued for the year ending March 2024 in relation to the Fund closure. For further information please see the accounting policy 1 (a) on page 21.

The present value of finance lease liabilities are as follows:

	2023 £'000	2022 £'000
No later than 1 year	-	96
Later than 1 year and no later than 5 years	-	142
Later than 5 years	-	196
Total	-	434

The figures in this table are projected based on the properties owned at the Balance Sheet date. These properties will be sold over the next year and there will be no finance lease liabilities accrued after this point. The above has not been adjusted for the sales as there is no reasonable prediction on when each property will be sold.

13 Related Parties

The ACD's periodic charge paid to Aegon Asset Management UK plc (the ACD) is shown in Note 7 and details of amounts received and paid on shares issued and cancelled are shown in the Statement of Change in Net Assets Attributable to Shareholders. The balance due to the ACD in respect of these transactions as at 31 March 2023 is £Nil (2022: £37,000 due to the ACD), a breakdown can be found in Notes 10 and 12. At the year-end 15.23% (2022: 15.32%*) of the shares in issue were owned by AEGON Group or AEGON UK companies.

*Representative of AEGON Group and AEGON UK companies controlling interest in the Feeder sub-funds. The Fund's F share classes are wholly owned by the two Feeder sub-funds within Aegon Capital Unit Trust (the "Trust"), of which 15.32% was held by AEGON Group or AEGON UK companies as at 31 March 2022.

Aegon Property Income Fund

Notes to the Financial Statements (continued)

14 Contingent assets, liabilities and commitments

As at 31 March 2023, the Fund had £625,000 (2022: £5,349,000) of capital commitments and no contingent assets or liabilities (2022: Nil).

15 Financial instruments

The risks associated with the Fund are market, concentration, valuation, yield, liquidity, counterparty, and interest rate risk. Narrative disclosures are on pages 23 to 25.

The interest rate profile of the Fund's interest bearing assets and liabilities at 31 March 2023 was:

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	-	-	30,220	30,220
Cash on deposit				
Sterling	24,428	-	-	24,428
	24,428	-	30,220	54,648

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	-	-	(2,482)	(2,482)
	-	-	(2,482)	(2,482)

The interest rate profile of the Fund's interest bearing assets and liabilities at 31 March 2022 was:

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	-	-	141,890	141,890
Cash on deposit				
Sterling	40,209	-	-	40,209
	40,209	-	141,890	182,099

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	-	-	(11,546)	(11,546)
	-	-	(11,546)	(11,546)

Aegon Property Income Fund

Notes to the Financial Statements (continued)

16 Total purchases and sales

There were no purchases of either direct property or equity made during the year (2022: same) and therefore no table has been included.

2023	Direct Property		Total	
	£'000	% of costs	£'000	% Average NAV
Sales				
Sales excluding transaction costs	68,591	-	68,591	-
Transaction costs				
Agent's fees	718	1.05	718	0.69
Commissions	-	-	-	-
Legal fees	388	0.57	388	0.37
Total transaction costs	1,106	1.62	1,106	1.06
Total sales including transaction costs	67,485		67,485	

2022	Direct Property		Total	
	£'000	% of costs	£'000	% Average NAV
Sales				
Sales excluding transaction costs	154,306	-	154,306	-
Transaction costs				
Agent's fees	1,425	0.93	1,425	0.53
Commissions	-	-	-	-
Legal fees	654	0.42	654	0.24
Total transaction costs	2,079	1.35	2,079	0.77
Total sales including transaction costs	152,227		152,227	

Direct Transaction costs

Portfolio transaction costs include the expenses that arise from the selling or buying of investments in the Fund, including redemption fees, transfer fees, and broker commissions. Costs for a property fund may be significantly higher than an equity or bond fund, due to the additional transaction costs associated with buying or selling property.

In the case of shares, broker commissions and stamp duty, if applicable, are paid by the Fund on each transaction. In addition, there is a dealing spread between the buying and selling prices of the underlying investments. Dealing spreads vary considerably depending on the transaction value and market sentiment.

There is no average dealing spread on the Fund at 31 March 2023.

17 Share classes

The Fund currently has 2 share classes; B and F. The ACD's periodic charge on each share class is as follows:

B share class*: 0.00%

F share class**: 0.00%

*The B share class ACD fee changed from 0.60% to 0.00% on 1 March 2023.

**F share classes are only available to the Feeder Funds.

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables on pages 14 to 16. The distribution per share class is given in the distribution tables on pages 33 to 35. All share classes have the same rights on winding up.

Share class movement reconciliation

31.03.2023	Opening	Issued	Redeemed	Converted	Closing
B Net Accumulation	22,259,103	-	(11,384,845)	-	10,874,258
B Net Income	12,983,553	-	(6,630,639)	1,332	6,354,246
B Gross Accumulation	9,384,471	-	(4,796,753)	-	4,587,718
B Gross Income	34,816,095	-	(17,778,137)	(1,332)	17,036,626
F Gross Accumulation*	57,980,456	-	(29,917,130)	-	28,063,326
F Gross Income*	40,687,667	-	(21,089,519)	-	19,598,148

*F share classes are only available to the Feeder Funds.

Aegon Property Income Fund

Notes to the Financial Statements (continued)

18 Fair value hierarchy

Immoveable properties are independently valued by CBRE Limited in accordance with the Chartered Surveyors ("RICS") Global Standards (January 2020) including the International Valuation Standards and the RICS Valuation - Professional Standards UK January 2014 (revised April 2015) on a monthly basis. Further details on the methods and significant assumptions applied in determining the fair value of immoveable property can be found in the Independent Valuers' Report on page 9.

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of financial 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.

As at 31 March 2023, the Fund had no securities held at either level 1, 2 or 3 (2022: no securities held at either level 1, 2 or 3).

19 Reconciliation of investment property

	2023	2022
	£'000	£'000
Opening balance	137,524	306,959
Capital expenses incurred	(3,179)	(6,081)
Disposals	(67,485)	(152,227)
Finance lease adjustment	-	434
Net losses from disposals	(94,562)	(65,469)
Net gains from fair value adjustments*	54,705	53,908
Closing balance	27,003	137,524

20 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 24 July 2023. This movement takes into account routine transactions but also reflects market movements over the period.

Net assets per share

	31.03.2023	24.07.2023	Movement
B Net Accumulation	66.65	66.26	(0.59)%
B Net Income	45.98	45.49	(1.06)%
B Gross Accumulation	71.22	70.81	(0.58)%
B Gross Income	45.98	45.49	(1.06)%
F Gross Accumulation	75.88	75.45	(0.57)%
F Gross Income	48.99	48.47	(1.06)%

Net assets attributable to shareholders have moved from £52,166,000 on 31 March 2023 to £19,394,000 on 24 July 2023, a reduction of 62.82%. The April and June distributions have reduced the liquidity percentage to 14.29%.

Since 31 March 2023 the Fund has completed the sale of City Walk, Leeds on 9 May for £11,275,000.

On 28 April 2023 a seventh pro-rata distribution of £19m was paid to shareholders, and on 27 June 2023 an eighth pro-rata distribution of £14m was paid. This takes the total distributed to 81.6% of the NAV at time of closure.

The ACD has engaged Citibank to take over the provision of transfer agency services from Northern Trust from 31 July 2023.

Aegon Property Income Fund

Notes to the Financial Statements (continued)

21 Prior period restatements

Disclosure on the Fund property closure expenses within the Net capital losses (Note 5) and Expenses (Note 7) has changed. Restated figures have been shown below.

The following table summarises the impact of the above on the Fund's Statement of Total Return for the year ended 31 March 2022:

Statement of Total Return	Presented £'000	Adjustments £'000	Restated £'000
Income			
Net capital losses	(24,675)	(5,349)	(30,024)
Revenue	18,920	-	18,920
Expenses	(15,768)	5,349	(10,419)
Net revenue before taxation	3,152	5,349	8,501
Taxation	-	-	-
Net revenue after taxation	3,152	5,349	8,501
Total return before distributions	(21,523)	-	(21,523)
Distributions	(10,721)	-	(10,721)
Change in net assets attributable to shareholders from investment activities	(32,244)	-	(32,244)

In the prior year accounts, the Fund property closure expenses were shown in Expenses Note, but in the current year the balances have been included within the Net capital losses Note. This is because of the over-accrual of expenses in the prior year. The prior year numbers have therefore been restated to show comparatives figures in line with the current year.

The related balances in the Comparative tables, the Cash Flow Statement, and the following notes have also been restated: Note 8 Taxation, and Note 9 Distributions.

Aegon Property Income Fund

Distribution Tables

The Fund pays 12 distributions to its shareholders 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 shareholders on the register on the last day of the previous month ("period end").

Share Class B Net Accumulation

Period end	Pay date	Group	Gross Revenue	Income Tax	Net Revenue	Equalisation*	Total Payable	2021/22 Total Paid
30/04/22	31/05/22	Group 1	0.0789	0.0000	0.0789	N/A	0.0789	0.3042
		Group 2	0.0789	0.0000	0.0789	0.0000		
31/05/22	30/06/22	Group 1	0.3389	0.0000	0.3389	N/A	0.3389	0.4619
		Group 2	0.3389	0.0000	0.3389	0.0000		
30/06/22	31/07/22	Group 1	0.8713	0.0000	0.8713	N/A	0.8713	0.1421
		Group 2	0.8713	0.0000	0.8713	0.0000		
31/07/22	31/08/22	Group 1	0.5180	0.0261	0.4919	N/A	0.4919	0.2736
		Group 2	0.5180	0.0261	0.4919	0.0000		
31/08/22	30/09/22	Group 1	0.2190	0.0438	0.1752	N/A	0.1752	0.2830
		Group 2	0.2190	0.0438	0.1752	0.0000		
30/09/22	31/10/22	Group 1	0.4014	0.0598	0.3416	N/A	0.3416	0.5346
		Group 2	0.4014	0.0598	0.3416	0.0000		
31/10/22	30/11/22	Group 1	0.3020	0.0306	0.2714	N/A	0.2714	0.3312
		Group 2	0.3020	0.0306	0.2714	0.0000		
30/11/22	31/12/22	Group 1	0.0000	0.0000	0.0000	N/A	0.0000	0.5874
		Group 2	0.0000	0.0000	0.0000	0.0000		
31/12/22	31/01/23	Group 1	0.0000	0.0000	0.0000	N/A	0.0000	0.2741
		Group 2	0.0000	0.0000	0.0000	0.0000		
31/01/23	28/02/23	Group 1	0.0000	0.0000	0.0000	N/A	0.0000	0.3723
		Group 2	0.0000	0.0000	0.0000	0.0000		
28/02/23	31/03/23	Group 1	0.3668	0.0000	0.3668	N/A	0.3668	0.0878
		Group 2	0.3668	0.0000	0.3668	0.0000		
31/03/23	30/04/23	Group 1	0.0000	0.0000	0.0000	N/A	0.0000	0.0000
		Group 2	0.0000	0.0000	0.0000	0.0000		

Share Class B Net Income

Period end	Pay date	Group	Gross Revenue	Income Tax	Net Revenue	Equalisation*	Total Payable	2021/22 Total Paid
30/04/22	31/05/22	Group 1	0.0596	0.0000	0.0596	N/A	0.0596	0.2235
		Group 2	0.0596	0.0000	0.0596	0.0000		
31/05/22	30/06/22	Group 1	0.2409	0.0000	0.2409	N/A	0.2409	0.3388
		Group 2	0.2409	0.0000	0.2409	0.0000		
30/06/22	31/07/22	Group 1	0.6196	0.0000	0.6196	N/A	0.6196	0.1039
		Group 2	0.6196	0.0000	0.6196	0.0000		
31/07/22	31/08/22	Group 1	0.3645	0.0178	0.3467	N/A	0.3467	0.1995
		Group 2	0.3645	0.0178	0.3467	0.0000		
31/08/22	30/09/22	Group 1	0.1561	0.0312	0.1249	N/A	0.1249	0.2058
		Group 2	0.1561	0.0312	0.1249	0.0000		
30/09/22	31/10/22	Group 1	0.2775	0.0440	0.2335	N/A	0.2335	0.3878
		Group 2	0.2775	0.0440	0.2335	0.0000		
31/10/22	30/11/22	Group 1	0.2101	0.0213	0.1888	N/A	0.1888	0.2390
		Group 2	0.2101	0.0213	0.1888	0.0000		
30/11/22	31/12/22	Group 1	0.0000	0.0000	0.0000	N/A	0.0000	0.4226
		Group 2	0.0000	0.0000	0.0000	0.0000		
31/12/22	31/01/23	Group 1	0.0000	0.0000	0.0000	N/A	0.0000	0.1962
		Group 2	0.0000	0.0000	0.0000	0.0000		
31/01/23	28/02/23	Group 1	0.0000	0.0000	0.0000	N/A	0.0000	0.2658
		Group 2	0.0000	0.0000	0.0000	0.0000		
28/02/23	31/03/23	Group 1	0.2548	0.0000	0.2548	N/A	0.2548	0.0625
		Group 2	0.2548	0.0000	0.2548	0.0000		
31/03/23	30/04/23	Group 1	0.0000	0.0000	0.0000	N/A	0.0000	0.0000
		Group 2	0.0000	0.0000	0.0000	0.0000		

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

*Equalisation applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of all group 2 shares and is refunded to holders of these shares 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 shares for capital gains tax purposes.

Aegon Property Income Fund

Distribution Tables (continued)

Share Class B Gross Accumulation**

Period end	Pay date	Group	Gross Revenue	Income Tax	Net Revenue	Equalisation*	Total Payable	2021/22 Total Paid
30/04/22	31/05/22	Group 1	0.0842	0.0000	0.0842	N/A	0.0842	0.3840
		Group 2	0.0842	0.0000	0.0842	0.0000		
31/05/22	30/06/22	Group 1	0.3614	0.0000	0.3614	N/A	0.3614	0.5926
		Group 2	0.3614	0.0000	0.3614	0.0000		
30/06/22	31/07/22	Group 1	0.9281	0.0000	0.9281	N/A	0.9281	0.1694
		Group 2	0.9281	0.0000	0.9281	0.0000		
31/07/22	31/08/22	Group 1	0.5533	0.0000	0.5533	N/A	0.5533	0.3445
		Group 2	0.5533	0.0000	0.5533	0.0000		
31/08/22	30/09/22	Group 1	0.2332	0.0000	0.2332	N/A	0.2332	0.3522
		Group 2	0.2332	0.0000	0.2332	0.0000		
30/09/22	31/10/22	Group 1	0.4290	0.0000	0.4290	N/A	0.4290	0.6637
		Group 2	0.4290	0.0000	0.4290	0.0000		
31/10/22	30/11/22	Group 1	0.3225	0.0000	0.3225	N/A	0.3225	0.4133
		Group 2	0.3225	0.0000	0.3225	0.0000		
30/11/22	31/12/22	Group 1	0.0000	0.0000	0.0000	N/A	0.0000	0.7351
		Group 2	0.0000	0.0000	0.0000	0.0000		
31/12/22	31/01/23	Group 1	0.0000	0.0000	0.0000	N/A	0.0000	0.3119
		Group 2	0.0000	0.0000	0.0000	0.0000		
31/01/23	28/02/23	Group 1	0.0000	0.0000	0.0000	N/A	0.0000	0.4633
		Group 2	0.0000	0.0000	0.0000	0.0000		
28/02/23	31/03/23	Group 1	0.3923	0.0000	0.3923	N/A	0.3923	0.0935
		Group 2	0.3923	0.0000	0.3923	0.0000		
31/03/23	30/04/23	Group 1	0.0000	0.0000	0.0000	N/A	0.0000	0.0000
		Group 2	0.0000	0.0000	0.0000	0.0000		

Share Class B Gross Income**

Period end	Pay date	Group	Gross Revenue	Income Tax	Net Revenue	Equalisation*	Total Payable	2021/22 Total Paid
30/04/22	31/05/22	Group 1	0.0596	0.0000	0.0596	N/A	0.0596	0.2661
		Group 2	0.0596	0.0000	0.0596	0.0000		
31/05/22	30/06/22	Group 1	0.2409	0.0000	0.2409	N/A	0.2409	0.4095
		Group 2	0.2409	0.0000	0.2409	0.0000		
30/06/22	31/07/22	Group 1	0.6165	0.0000	0.6165	N/A	0.6165	0.1166
		Group 2	0.6165	0.0000	0.6165	0.0000		
31/07/22	31/08/22	Group 1	0.3646	0.0000	0.3646	N/A	0.3646	0.2364
		Group 2	0.3646	0.0000	0.3646	0.0000		
31/08/22	30/09/22	Group 1	0.1529	0.0000	0.1529	N/A	0.1529	0.2410
		Group 2	0.1529	0.0000	0.1529	0.0000		
30/09/22	31/10/22	Group 1	0.2806	0.0000	0.2806	N/A	0.2806	0.4526
		Group 2	0.2806	0.0000	0.2806	0.0000		
31/10/22	30/11/22	Group 1	0.2102	0.0000	0.2102	N/A	0.2102	0.2800
		Group 2	0.2102	0.0000	0.2102	0.0000		
30/11/22	31/12/22	Group 1	0.0000	0.0000	0.0000	N/A	0.0000	0.4968
		Group 2	0.0000	0.0000	0.0000	0.0000		
31/12/22	31/01/23	Group 1	0.0000	0.0000	0.0000	N/A	0.0000	0.2096
		Group 2	0.0000	0.0000	0.0000	0.0000		
31/01/23	28/02/23	Group 1	0.0000	0.0000	0.0000	N/A	0.0000	0.3101
		Group 2	0.0000	0.0000	0.0000	0.0000		
28/02/23	31/03/23	Group 1	0.2546	0.0000	0.2546	N/A	0.2546	0.0624
		Group 2	0.2546	0.0000	0.2546	0.0000		
31/03/23	30/04/23	Group 1	0.0000	0.0000	0.0000	N/A	0.0000	0.0000
		Group 2	0.0000	0.0000	0.0000	0.0000		

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

*Equalisation applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of all group 2 shares and is refunded to holders of these shares 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 shares for capital gains tax purposes.

**Gross share classes are only available to investors who are permitted in accordance with UK tax law to receive income from the Fund without deduction of any income tax.

Aegon Property Income Fund

Distribution Tables (continued)

Share Class F Gross Accumulation**†

Period end	Pay date	Group	Gross Revenue	Income Tax	Net Revenue	Equalisation*	Total Payable	2021/22 Total Paid
30/04/22	31/05/22	Group 1	0.0886	0.0000	0.0886	N/A	0.0886	0.4046
		Group 2	0.0886	0.0000	0.0886	0.0000		
31/05/22	30/06/22	Group 1	0.3834	0.0000	0.3834	N/A	0.3834	0.6248
		Group 2	0.3834	0.0000	0.3834	0.0000		
30/06/22	31/07/22	Group 1	0.9849	0.0000	0.9849	N/A	0.9849	0.1786
		Group 2	0.9849	0.0000	0.9849	0.0000		
31/07/22	31/08/22	Group 1	0.5874	0.0000	0.5874	N/A	0.5874	0.3636
		Group 2	0.5874	0.0000	0.5874	0.0000		
31/08/22	30/09/22	Group 1	0.2474	0.0000	0.2474	N/A	0.2474	0.3715
		Group 2	0.2474	0.0000	0.2474	0.0000		
30/09/22	31/10/22	Group 1	0.4560	0.0000	0.4560	N/A	0.4560	0.7010
		Group 2	0.4560	0.0000	0.4560	0.0000		
31/10/22	30/11/22	Group 1	0.3428	0.0000	0.3428	N/A	0.3428	0.4367
		Group 2	0.3428	0.0000	0.3428	0.0000		
30/11/22	31/12/22	Group 1	0.0000	0.0000	0.0000	N/A	0.0000	0.7772
		Group 2	0.0000	0.0000	0.0000	0.0000		
31/12/22	31/01/23	Group 1	0.0000	0.0000	0.0000	N/A	0.0000	0.3300
		Group 2	0.0000	0.0000	0.0000	0.0000		
31/01/23	28/02/23	Group 1	0.0000	0.0000	0.0000	N/A	0.0000	0.4903
		Group 2	0.0000	0.0000	0.0000	0.0000		
28/02/23	31/03/23	Group 1	0.4174	0.0000	0.4174	N/A	0.4174	0.0991
		Group 2	0.4174	0.0000	0.4174	0.0000		
31/03/23	30/04/23	Group 1	0.0000	0.0000	0.0000	N/A	0.0000	0.0000
		Group 2	0.0000	0.0000	0.0000	0.0000		

Share Class F Gross Income***

Period end	Pay date	Group	Gross Revenue	Income Tax	Net Revenue	Equalisation*	Total Payable	2021/22 Total Paid
30/04/22	31/05/22	Group 1	0.0627	0.0000	0.0627	N/A	0.0627	0.2803
		Group 2	0.0627	0.0000	0.0627	0.0000		
31/05/22	30/06/22	Group 1	0.2555	0.0000	0.2555	N/A	0.2555	0.4317
		Group 2	0.2555	0.0000	0.2555	0.0000		
30/06/22	31/07/22	Group 1	0.6543	0.0000	0.6543	N/A	0.6543	0.1229
		Group 2	0.6543	0.0000	0.6543	0.0000		
31/07/22	31/08/22	Group 1	0.3869	0.0000	0.3869	N/A	0.3869	0.2495
		Group 2	0.3869	0.0000	0.3869	0.0000		
31/08/22	30/09/22	Group 1	0.1626	0.0000	0.1626	N/A	0.1626	0.2544
		Group 2	0.1626	0.0000	0.1626	0.0000		
30/09/22	31/10/22	Group 1	0.2982	0.0000	0.2982	N/A	0.2982	0.4782
		Group 2	0.2982	0.0000	0.2982	0.0000		
31/10/22	30/11/22	Group 1	0.2234	0.0000	0.2234	N/A	0.2234	0.2959
		Group 2	0.2234	0.0000	0.2234	0.0000		
30/11/22	31/12/22	Group 1	0.0000	0.0000	0.0000	N/A	0.0000	0.5253
		Group 2	0.0000	0.0000	0.0000	0.0000		
31/12/22	31/01/23	Group 1	0.0000	0.0000	0.0000	N/A	0.0000	0.2217
		Group 2	0.0000	0.0000	0.0000	0.0000		
31/01/23	28/02/23	Group 1	0.0000	0.0000	0.0000	N/A	0.0000	0.3284
		Group 2	0.0000	0.0000	0.0000	0.0000		
28/02/23	31/03/23	Group 1	0.2706	0.0000	0.2706	N/A	0.2706	0.0658
		Group 2	0.2706	0.0000	0.2706	0.0000		
31/03/23	30/04/23	Group 1	0.0000	0.0000	0.0000	N/A	0.0000	0.0000
		Group 2	0.0000	0.0000	0.0000	0.0000		

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

*Equalisation applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of all group 2 shares and is refunded to holders of these shares 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 shares for capital gains tax purposes.

**Gross share classes are only available to investors who are permitted in accordance with UK tax law to receive income from the Fund without deduction of any income tax.

†F share classes are only available to the Feeder Funds.

Aegon Asset Management UK Investment Portfolios ICVC

Further Information (unaudited)

Base currency

The Company's base currency is Sterling.

Shares

The Fund may have up to four share class types, B, F, Q and S class. Further information on investment limits, management charges, and currency denomination is available from the ACD on request. The Fund may offer different types of shares within the classes.

Income shares - Investors with this type of share receive income payments from their shareholding periodically.

Accumulation shares - With this type of share all income earned on investments will be reinvested into the Fund.

Valuation point

The valuation point for the Fund is midday on each dealing day. The Fund deals on a forward basis.

Buying and selling shares

As the Fund has now closed there will be no buying or selling shares in the Aegon Property Income Fund. Upon closure the ACD has initiated the process of making pro-rata distributions to shareholders. The ACD aims to make payments on at least a quarterly basis if enough properties have been sold in that period to enable the Fund to make a material distribution. The ACD will continue with this process until all properties have been sold and the Fund is 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

The Fund does not currently undertake securities financing transactions (as defined in Article 3 of Regulation (EU) 2015/2365) or uses total return swaps.

Association of Real Estate Funds code of practice

The Fund is a member of the Association of Real Estate Funds ("AREF"). The aim of the Code of Practice is to achieve high standards of transparency across the sector and promote consistency of reporting to allow investors to compare different funds.

In accordance with the "Fund Pricing Recommendations" issued by AREF in March 2016, we can confirm that the Accounting NAV presented within these financial statements equates to the Standard NAV. Property acquisition costs are recovered through the offer price – we operate a mechanism through pricing to ensure fair allocation of those costs, and monitor this on a regular basis.

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 Fund was not leveraged during the year.

Liquidity

In accordance with the AIFMD the AIFM is required to disclose the percentage of the AIF's assets that are subject to special arrangements arising from their illiquid nature. The 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.

Remuneration Policy

Aegon Asset Management UK Investment Portfolios ICVC is managed by Aegon Asset Management UK Plc.

The Remuneration Committee of Aegon Asset Management UK Plc has established an AIFM 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 Investment Portfolios ICVC

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 (£'000s)
Aegon Asset Management UK Plc Staff	314	37,187
of which		
Fixed remuneration	314	23,810
Variable remuneration	314	13,377

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 each AIFMD business. As such it has been deemed appropriate to disclose total remuneration information for Aegon Asset Management UK Plc.

	Headcount	Total Remuneration (£'000s)
Aegon Asset Management UK Plc	9	4,458
of which		
Remuneration Code Staff	9	4,458

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 Capital Investment Portfolios ICVC. 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	32,565,315	100.00
of which			
Alternative Investment Funds	4	53,292	0.16
UCITS Funds	11	1,803,410	5.54
Money Managed on behalf of other clients		27,660,338	84.94
Aegon Asset Management UK Investment Portfolios ICVC*	15	3,048,275	9.36

* The figures stated for Aegon Asset Management UK Investment Portfolios ICVC include the AUM invested through Aegon Capital 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 Capital 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 2022 – 31 December 2022.

Who to contact

Investors

 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.