AEW UK REIT plc Annual Report and Financial Statements

for the year ended 31 March 2025

AEW

AEW UK REIT plc (“AEWU”) invests in and actively asset manages a value-focused portfolio of high-yielding commercial properties across the UK.

The Company has delivered market-leading property and NAV total returns*, outperforming both the MSCI UK property index and UK diversified REIT peers.

INVESTMENT COMPANY OF THE YEAR AWARDS 2023

INVESTMENT COMPANY OF THE YEAR AWARDS 2024

2023 & 2024 WINNER
PROPERTY
AEW UK REIT plc

EPRA sBPR GOLD

EPRA BPR GOLD

CITYWIRE
INVESTMENT TRUST AWARDS 2020, 2021, 2022, 2023 & 2024 WINNER

UK PROPERTY TRUST
AEW UK REIT plc

MSCI
UK Property Investment Awards
WINNER 2023

* During the year, the Company won the MSCI listed funds category for delivering the highest three-year annualised property total return to 31 December 2023. AEWU also won the Citywire award for the fifth consecutive year for achieving the highest annualised three-year NAV total return of any UK listed property investment trust.

Contents

Strategic Report

Invested.
In every square metre.

Bristol, 40 Queen Square

Performance Summary

8.0 pps

DIVIDEND PAID

112.5%

EARNINGS DIVIDEND COVER

14.8%

PROPERTY TOTAL RETURN

15.3%

NAV TOTAL RETURN

28.7%

SHAREHOLDER TOTAL RETURN

Alternative performance measures are defined on pages 11 to 14.

The Board and Investment Manager are pleased to report strong performance for the year, demonstrating the effectiveness of our strategy and continued commitment to enhancing shareholder value through active management. We delivered annual NAV growth of 7.2% and a covered dividend despite a subdued property market backdrop, demonstrating our active strategy's resilience across different market cycles.

Our proactive style drove income and minimised void costs, while our tenant base exhibited robust occupational performance amid ongoing economic challenges.

We remain committed to delivering sustained returns, as reflected in our quarterly dividend of 2.0 pence per share, paid consistently for 38 consecutive quarters, as part of a shareholder total return of 28.7% for the year.

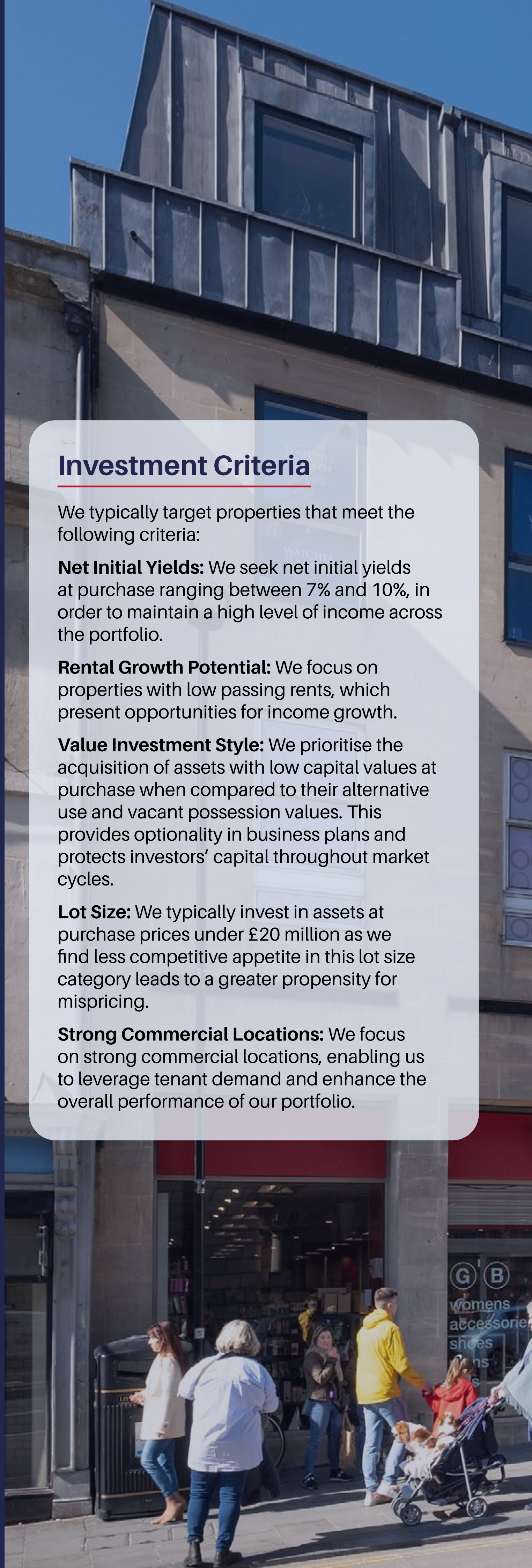
Strategy Commentary

AEWU invests in and actively asset manages a value-focused portfolio of high-yielding commercial properties across the UK.

The Company capitalises on value opportunities that arise from pricing inefficiencies in the sector. The AEWU team have proven their expertise in identifying these opportunities throughout market cycles over a 10-year period.

These mispriced opportunities present significant potential for income growth and value creation through active asset management, as evidenced by the Company's market leading returns.

We believe that a true value strategy is best enacted without sector constraint. AEWU seeks value across the entire UK commercial property universe and analyses investment opportunities based on their individual merits.



Investment Criteria

We typically target properties that meet the following criteria:

Net Initial Yields: We seek net initial yields at purchase ranging between 7% and 10%, in order to maintain a high level of income across the portfolio.

Rental Growth Potential: We focus on properties with low passing rents, which present opportunities for income growth.

Value Investment Style: We prioritise the acquisition of assets with low capital values at purchase when compared to their alternative use and vacant possession values. This provides optionality in business plans and protects investors' capital throughout market cycles.

Lot Size: We typically invest in assets at purchase prices under £20 million as we find less competitive appetite in this lot size category leads to a greater propensity for mispricing.

Strong Commercial Locations: We focus on strong commercial locations, enabling us to leverage tenant demand and enhance the overall performance of our portfolio.

Active Asset Management

Once acquired, we employ a proactive asset management strategy that focuses on:

Growing Income Streams: Enhancing rental income through a dynamic approach to lease events and expert knowledge of markets.

Extending and Improving Tenant Leases: Negotiating longer leases and improved terms to secure stable income.

Adding Value through Planning: Utilising the planning system to enhance property value.

Refurbishing Properties: Undertaking refurbishments where necessary to maintain competitiveness and appeal of the property.

Enhancing ESG Credentials: Improving the environmental, social, and governance (ESG) standards of our properties.

Outcomes of Our Strategy

This comprehensive approach enables us to achieve the following:

Maximise Income

We have consistently paid a quarterly dividend of 2 pence per share since Q1 2016, currently delivering one of the highest dividend yields in the UK commercial property sector.

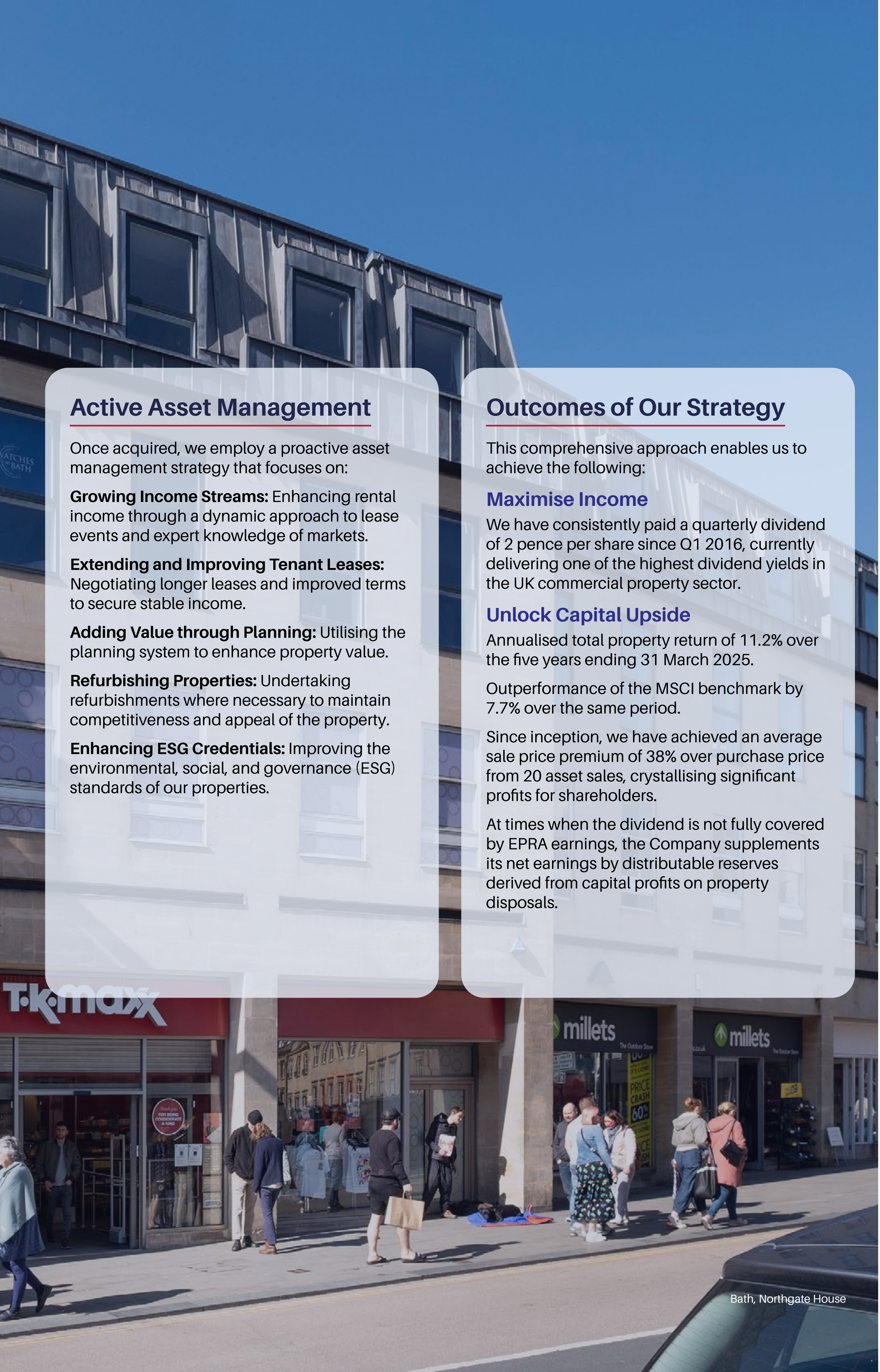
Unlock Capital Upside

Annualised total property return of 11.2% over the five years ending 31 March 2025.

Outperformance of the MSCI benchmark by 7.7% over the same period.

Since inception, we have achieved an average sale price premium of 38% over purchase price from 20 asset sales, crystallising significant profits for shareholders.

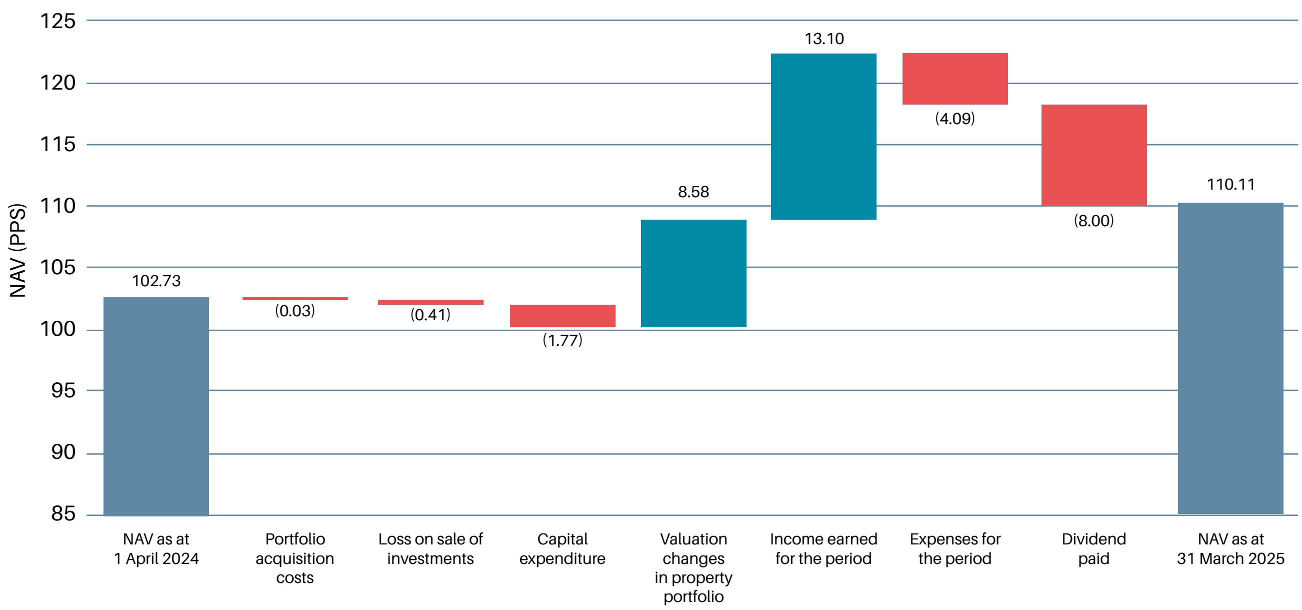
At times when the dividend is not fully covered by EPRA earnings, the Company supplements its net earnings by distributable reserves derived from capital profits on property disposals.



Bath, Northgate House

ATTRIBUTION ANALYSIS OF FINANCIAL RESULTS

The Company's NAV as at March 2025 was £174.44 million or 110.11 pps (31 March 2024: £162.75 million or 102.73 pps). This represents an increase of 7.38 pps or 7.18% over the 12-month period, with the underlying movement in NAV set out in the chart below:



FINANCING

As at 31 March 2025, the Company has a £60.00 million loan Facility with AgFe, in place until May 2027, the details of which are presented below:

	31 MARCH 2025	31 MARCH 2024
Facility	**£60.00 million**	£60.00 million
Drawn	**£60.00 million**	£60.00 million
Gearing (Loan to GAV)	**25.01%**	28.97%
Gearing (Loan to NAV)	**34.40%**	36.87%
Interest rate	**2.959% fixed**	2.959% fixed
Notional Value of Loan Balance Hedged	**N/A**	N/A
Shares in Issue	**158,774,746***	158,774,746*

* including 350,000 treasury shares

Chairman's Statement

Robin Archibald
Chairman

OVERVIEW

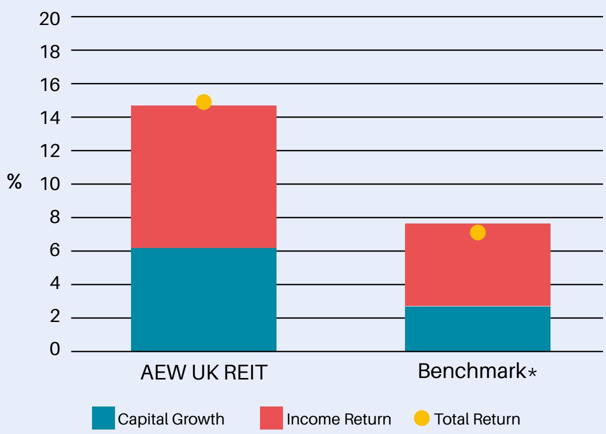
During the year, the Company has continued its strong run of performance, despite a challenging economic backdrop. Since its inception ten years ago, the Company has consistently paid annualised dividends of 8p per share and realised significant capital profits. Earnings from the portfolio have also grown each year for the past three years. This demonstrates how AEWU can deliver strong returns, using its value-focused and sector-agnostic approach to acquire mispriced assets throughout varying market conditions.

The investment style of the Company is articulated on page 5. Key to its success has been active management of the portfolio and to maximise both income and capital returns. In the current market environment, the Manager believes that a significant number of attractively priced opportunities could be pursued, should the Company have more available cash to deploy, a subject which the Board is actively considering.

Investment and share price performance

The statistics on page 3 demonstrate a strong financial return for the year to 31 March 2025. Shareholder total return of 28.7% (2024: 1.9% and 121.7% since inception on an annualised basis) and net asset value total return of 15.3% (2024: 5.0% and 136.1% since inception) show both strong portfolio performance and a significant re-rating of the Company's share price during the year.

AEW UK REIT plc Property Performance vs. Benchmark for 12 months to 31 March 2025



Source: MSCI 31 March 2025

* the Benchmark refers to MSCI/AREF PFI Balanced Funds Quarterly Property Index

With a property total return of 14.8% (2024: 6.7% and annualised 8.5% since inception) the significant benefit of the Company's value-driven strategy can be seen. The Manager's review on pages 15 to 35 provides detail of how portfolio performance has been achieved, including gains made on disposals, the proceeds of which have all been deployed following the purchase of Freemans Leisure Park, Leicester, after year-end.

The Manager has achieved total return outperformance relative to both the MSCI Balanced Funds Quarterly Property Index and its listed peer group, which, along with its high annual dividend, has helped keep the share price rating much closer to net asset value than for many of the Company's peers.

Dividends

The Company continues to pay quarterly dividends of 2p per share (as it has done for 38 consecutive quarters), which were covered by earnings for the year. It is the sustainability of the dividend, rather than its growth, that remains the Board's focus. Based on a year-end share price of 101.4p and portfolio valuation level, this produces respective yields of 7.9% and 8.0%, as well as a reversionary yield of 8.8%.

The Company remains committed to paying its quarterly dividend of 2p per share predominantly from income, but also using a total return approach. In periods where the annual dividend of the Company is uncovered by earnings, owing to the Manager's active strategy, the dividend is maintained using capital profits from property disposals.

Gearing

The Company has a fully-drawn debt facility of £60m, which is due to mature in May 2027, with a fixed interest rate of 2.959%, representing a 25.0% Loan to Gross Asset Value ratio. The loan covenants all have significant headroom.

The use of gearing and the Company's ability to refinance is monitored closely by Board and Manager alike. When practical and economical to do so, the Company will be refinanced whilst recognising that the expected interest cost on a future facility is unlikely to be as competitive as it was when the current facility was negotiated. That said, it is currently expected that this refinancing will not create materially different earnings performance than the Company has been able to achieve over the previous 10 years.

Portfolio

At year-end, the Company had a diversified portfolio of 33 UK commercial properties. The average lot size was £6.2m, with occupancy of 92.5% from 124 tenants and cash of £27.8m.

During the year, the Company disposed of two assets: Oak Park Industrial Estate and Units 1-11 of Central Six Retail Park. The sale prices achieved, of £32.6m in aggregate, reflected a blended net initial yield of 7.6%, and a respective 12% and 60% premium to their purchase prices.

The purchase of a high-street retail asset in Hitchin was completed in May 2025, with an attractive net initial yield of 8.3%. Deployment of the remainder of the disposal proceeds was completed post-year-end via the acquisition of Freemans Leisure Park, Leicester.

Governance

During the year, the Board established delegated authorities for operations of the Board, particularly responsibilities for nominations, remuneration, management engagement and risk, and appointed a Senior Independent Director.

As part of the review of Board responsibilities, Board remuneration was refined to reflect individual responsibilities and the commitment expected of a small and fully engaged Board. I would like to thank my Board colleagues for their considerable efforts during the year, and the former Chair and Audit Chair for presiding over the excellent long-term performance of the Company.

The Company has been adversely impacted by the PRIIPs reporting regime, where cost disclosures are, in the opinion of the Board, misleading for investors in a property company, albeit a property investment company with sub-contracted management. Both the Board and the Manager, in common with many other investment companies, have made detailed submissions to the FCA to that effect.

Awards

During the year, the Company's performance and business practices were recognised by the receipt of five industry awards that reflect well on the Company and its performance.

The Company won the Citywire investment trust award in the 'UK Property' category for the fifth consecutive year, an award given to the investment company with the highest NAV total returns over an annualised three-year period. The Company also won the 'Listed Funds' category in the 2023 MSCI UK Property Investment Awards, an award given to the listed fund displaying the highest annualised three-year property total return for the three years to 31 December 2023. Lastly, the Company won the 'Property' category at the Investment Week Awards for the second consecutive year.

The Company has also been awarded by the European Public Real Estate Association ("EPRA"), a gold medal for its high standard of financial reporting, and for the first time, a gold medal for its standard of sustainability reporting, improving on the previously awarded silver medal.

> "The resilience of the portfolio evidences the effectiveness of the Company's active strategy to deliver superior performance, free from sector or geographical constraints."

Outlook

At a time of much corporate activity in the UK listed property sector, the Board and Manager will look to exploit growth opportunities for the Company, including the potential issuance of equity, with the protection of existing shareholders' interests being first and foremost, rather than pursuing 'growth for growth's sake'. Appropriate scaling of AEWU's strategy is expected to bring shareholder benefits including improved liquidity in the Company's shares, a reduction in the operating cost ratio and greater investment scope in the portfolio.

The Manager is enthusiastic about the current buying opportunities in the UK property market, believing that now is an ideal time to deploy capital, as property values are at their lowest point since the Company's IPO. With a proven track record of stock selection, the Manager expects that acquisitions made in the near-term would yield strong performance in the future.

Against an unpredictable economic backdrop, fiscal and interest rate pressures, and destabilising geo-political events, the challenge is to present the Company's excellent investment case, to continue to manage the portfolio for income and capital profits and to try and maintain a strong rating on the Company's shares and liquidity in the secondary market. That is our challenge for 2025 onwards, and we are working with AEW to build on the excellent results for this financial year.

Robin Archibald
Chairman of the Board

26 June 2025

Key Performance Indicators

FINANCIAL KPIs

	NAV TOTAL RETURN*	PROPERTY TOTAL RETURN^*	SHAREHOLDER TOTAL RETURN^	DIVIDEND PAID^
KPI AND DEFINITION	The percentage change in NAV, assuming that dividends paid to shareholders are reinvested at NAV to purchase additional ordinary shares.	The total property return is the combined income and capital return from the property portfolio for the year, as calculated by MSCI.	The percentage change in the share price assuming dividends are reinvested to purchase additional Ordinary Shares.	Dividends declared in relation to the year. The Company targets a dividend of 8.00 pence per Ordinary Share per annum. However, given the current general economic uncertainty, regard will be had to the circumstances prevailing at the relevant time in determining dividend payments.
PURPOSE AND RELEVANCE TO STRATEGY	This is a direct indicator of the value produced by the Company's financial performance.	This shows the success of the portfolio strategy without the impact of gearing and corporate costs.	This reflects the return for investors through share price movements and dividends received.	The dividend reflects the Company's ability to deliver a sustainable profit distribution for its shareholders.
TARGET	8.00%	8.00%	8.00%	8.00 pps
PERFORMANCE	**15.29% for the year ended 31 March 2025** (year ended 31 March 2024: 4.98%)	**14.80% for the year ended 31 March 2025** (year ended 31 March 2024: 6.65%)	**28.68% for the year ended 31 March 2025** (year ended 31 March 2024: 1.85%)	**8.00 pps for the year ended 31 March 2025** (year ended 31 March 2024: 8.00 pps)

	DIVIDEND COVER*	LEVERAGE (LOAN TO GAV)^	OPERATING COST RATIO (OCR)^
KPI AND DEFINITION	The ratio of the Company's EPRA earnings over the dividend paid to shareholders.	The proportion of the Company's total assets that are funded by borrowings.	The ratio of total administration and operating costs expressed as a percentage of average NAV throughout the year.
PURPOSE AND RELEVANCE TO STRATEGY	This metric indicates the ability of the Company to cover its dividend payments through earnings.	The Company intends to utilise borrowings to enhance returns. A target of 25% Loan to GAV is stated in the Company's Investment Guidelines.	The OCR provides a measure of total costs associated with managing and operating the Company, which includes the management fees and operating costs.
TARGET	100%	25%	< 1.50%
PERFORMANCE	**112.5% for the year ended 31 March 2025** (year ended 31 March 2024: 91.25%)	**25.01% at 31 March 2025** (31 March 2024: 28.97%)	**1.49% for the year ended 31 March 2025** (year ended 31 March 2024: 1.60%)

^ Alternative Performance Measures

* True equivalent yield, WAULT to Break, NAV, Profit/(Loss) Before Tax have all been removed as KPIs, as these are deemed to be less strategically relevant to the Company than the following KPIs which have been added: EPRA NTA per share, Dividend cover, NAV total return and Property total return.

PROPERTY KPIs

	NET INITIAL YIELD (NIY) %	REVERSIONARY YIELD (RY) %^	VACANT ESTIMATED RENTAL VALUE (ERV)^	WEIGHTED AVERAGE UNEXPIRED LEASE TERM (WAULT)^
KPI AND DEFINITION	What the initial net yield would be at a predetermined purchase price after taking account of all associated costs, e.g. void costs and rent-free periods.	The expected return the property will provide once rack-rented.	The space in a property portfolio which is currently unlet, as a percentage of the total ERV of the portfolio.	The average lease term remaining to expiry across the portfolio, weighted by contracted rent.
PURPOSE AND RELEVANCE TO STRATEGY	The Company's EPRA NIY demonstrates the ability to generate income from its portfolio in the short term in order to meet its target dividend.	A Reversionary Yield profile shows a potentially sustainable income stream that can be used to meet dividends past the expiry of a property's current leasing arrangements.	The Company's aim is to minimise vacancy of the properties. A low level of structural vacancy provides an opportunity for the Company to capture rental uplifts and manage the mix of tenants within a property.	Assets with a shorter unexpired lease term are often mispriced. It is the Investment Manager's view that a shorter WAULT is useful for active asset management as it allows the Investment Manager to engage in direct negotiation with tenants rather than via rent-review mechanisms.
TARGET	7.50 – 10.00%	7.50 – 10.00%	< 10.00%	> 3 years
PERFORMANCE	**7.97% at 31 March 2025** (31 March 2024: 8.02%)	**8.76% at 31 March 2025** (31 March 2024: 8.77%)	**7.50% at 31 March 2025** (31 March 2024: 6.38%)	**5.73 years at 31 March 2025** (31 March 2024: 5.60 years)

EPRA KPIs

EPRA EARNINGS PER SHARE (EPS)^	EPRA NET TANGIBLE ASSETS PER SHARE (PENCE)*	
Earnings from core operational activities. A key measure of a company's underlying operating results from its property rental business and an indication of the extent to which current dividend payments are supported by earnings.	Measures the value of shareholders' equity in the business.	KPI AND DEFINITION
This reflects the Company's ability to generate earnings from the portfolio which underpins dividends.	This measures the growth of the business over time and the Company regards this as the most relevant net asset metric for the business.	PURPOSE AND RELEVANCE TO STRATEGY
8.00 pps	Increase year on year.	TARGET
9.00 pps for the year ended 31 March 2025 (year ended 31 March 2024: 7.29 pps)	**110.11 pps at 31 March 2025** (31 March 2024: 102.73 pps)	PERFORMANCE

^ Alternative Performance Measures
This report provides Alternative Performance Measures ("APMs") which are not defined or specified under the requirements of International Financial Reporting Standards. We believe these APMs provide important information on our business. Further explanation of APMs and why we use them is set out in EPRA unaudited performance measures.

* True equivalent yield, WAULT to Break, NAV, Profit/(Loss) Before Tax have all been removed as KPIs, as these are deemed to be less strategically relevant to the Company than the following KPIs which have been added: EPRA NTA per share, Dividend cover, NAV total return and Property total return.

Investment Manager’s Report

Laura Elkin
Portfolio Manager

Henry Butt
Assistant Portfolio Manager

Difficult market conditions often provide opportunities for the Company’s actively managed strategy. Despite the challenging backdrop, the Company achieved a 5.9% like-for-like valuation gain in its portfolio for the year, testament to its value-focused strategy of investing in mispriced assets where we believe income can be grown, and value created, through active asset management. This valuation performance has culminated in the Company delivering 14.8% property total return for the year, double that of the MSCI index performance of 7.4%, further building upon the outperformance achieved in previous years. Following the purchase of Freemans Leisure Park, Leicester, subsequent to the year-end, the Company is once again fully invested.

INDUSTRIAL

Investment activity gathered momentum throughout the year, with Q4 2024 marking the strongest quarter since Q3 2022. Total industrial investment volumes for 2024 finished at £8.4 billion, up from £6.5 billion recorded in 2023.

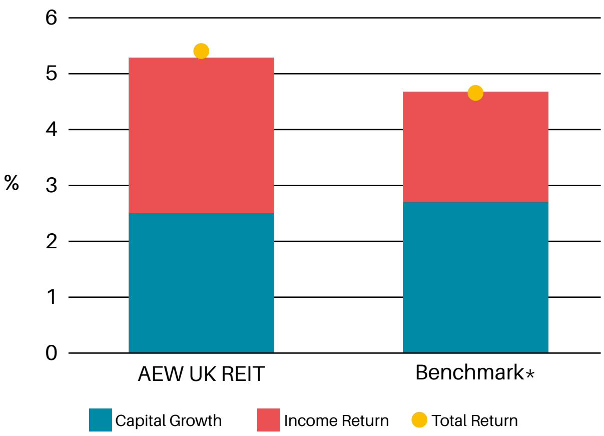
During the period, the occupier market for industrial property grew notably, with transaction volumes increasing by 20% compared to the previous year. Distribution companies continued to be the main driver, representing 38% of the market. Manufacturing firms, however, contributed the most significant increase in take-up, with a 36% rise in 2024 compared to the previous year.

Average market rental levels continued to grow, rising by 5.5% during 2024, albeit a slowdown in growth compared to 7.6% recorded in 2023. Despite increased occupier demand, the overall vacancy rate rose, climbing from 5.5% at the end of 2023 to 7.3% by the close of 2024. This was principally due to higher levels of development activity.

Industrial property remains the largest constituent of the Company’s portfolio standing at 38%. In recent years, several sales have decreased the Company’s exposure to the sector. Disposals have been driven by a decision to crystallise capital profits from asset management gains and trade in lower-yielding assets in favour of those offering higher yields, such as in the retail sector. The Company’s sale of Oak Park, Droitwich during the period was typical of this activity.

The portfolio’s outperformance of the benchmark in this sector during the period was driven by a high income return. With a low average passing rent of only £3.62 per sq. ft., the sector is expected to continue to deliver strong income growth in the future.

AEW UK REIT INDUSTRIAL PERFORMANCE VS. BENCHMARK



Source: MSCI Year to 31 March 2025

* the Benchmark refers to MSCI/AREF PFI Balanced Funds Quarterly Property Index.

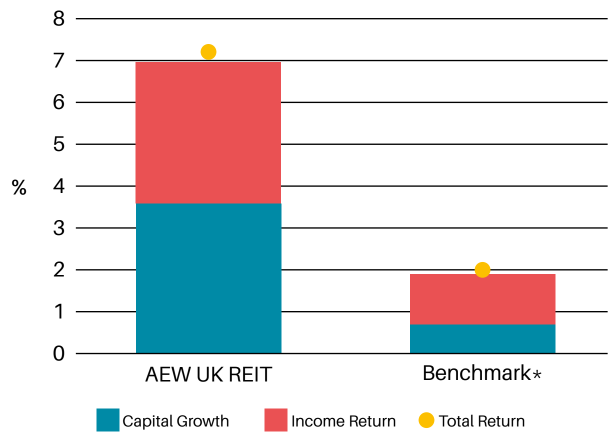
RETAIL

During the period, the all-retail vacancy rate remained stable, proving that physical retail is expected to remain a core component of occupiers' business strategies going forward. This has been a trend that we have seen across the retail warehousing sector since 2021, however, the same can also now be said for the high street, particularly prime locations. As such, a cautious and location-specific sense of optimism has returned to the high street, boosted by the first quarter of 2025, which showed a discernible upward trend in retail sales, despite usually being the quietest quarter of the year. Further sales growth is anticipated throughout 2025, driven by an expected increase in real household income and further interest rate cuts. The impact on retailers of the National Insurance and minimum wage hikes is expected to provide challenges, but occupier distress is currently limited, and many national retailers have reported strong trade, including Next, Footasylum, DFS, and Waterstones.

Over the course of the past few years, the Company has been counter-cyclically buying retail, increasing its portfolio weighting to 35%. Counter-cyclical buying has allowed the Company to access higher yields, which has benefitted the Company's performance in this sector relative to the benchmark. The Company's portfolio also recorded a significantly greater capital return during the period which was predominantly driven by Central Six Retail Park in Coventry. This asset was sold during the period crystalising an approximate 60% premium to the purchase price, having increased the net operating income by circa 54% during its hold period.

We are of the view that the existing retail assets in the portfolio will continue to perform strongly. This is evidenced by the Company's recent acquisition of Bancroft in Hitchin, which is fully-let to a range of strong-performing national retailers and purchased for a net initial yield of 8.3%. We continue to see an attractive pipeline of retail assets in the UK's investment market. Our focus remains on strong locations underwritten by alternative use values and tenants who are known to trade profitably.

AEW UK REIT RETAIL PERFORMANCE VS. BENCHMARK



Source: MSCI Year to 31 March 2025

* the Benchmark refers to MSCI/AREF PFI Balanced Funds Quarterly Property Index.

Barnstaple, Barnstaple Retail Park

OFFICES

Despite a recent improvement in investor sentiment, particularly at the top end of the market, investment activity continued to waver throughout 2024, with transactional volumes 24% below the five-year average.

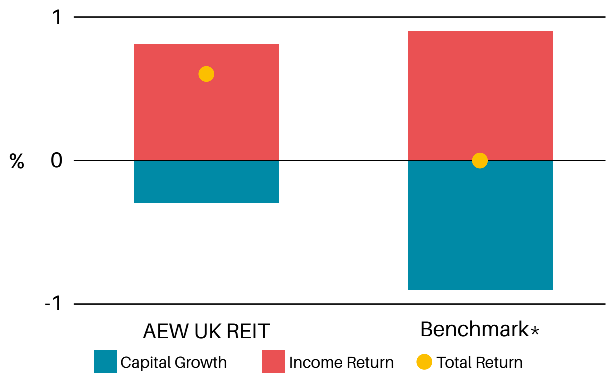
In 2024, growth in office-based employment in the UK stagnated somewhat after a significant rise in 2023. Nevertheless, leasing activity saw a slight uptick over the year, reflecting tenants' preparations for future expansion.

Across the UK's major regional office markets, total leased space for 2024 surpassed the five-year average of four million sq. ft. demonstrating occupational momentum heading into 2025. Of particular interest to the Company, due to its exposure at Northgate House and Cambridge House, both in Bath, was the flexible office market, which continued its expansion, attracting a broader range of tenants than in previous years, particularly from the financial and professional services sectors.

The focus for both occupiers and investors continues to be on the best quality space, both in terms of specification and location. Vacancy in newly completed and Grade A space is just 3% of the total stock, and here rents have stabilised. In secondary locations and for Grade B stock and worse, rents are still on a downward trajectory. Sentiment toward secondary and tertiary assets remains subdued, driven by concerns of future obsolescence and refurbishment cost.

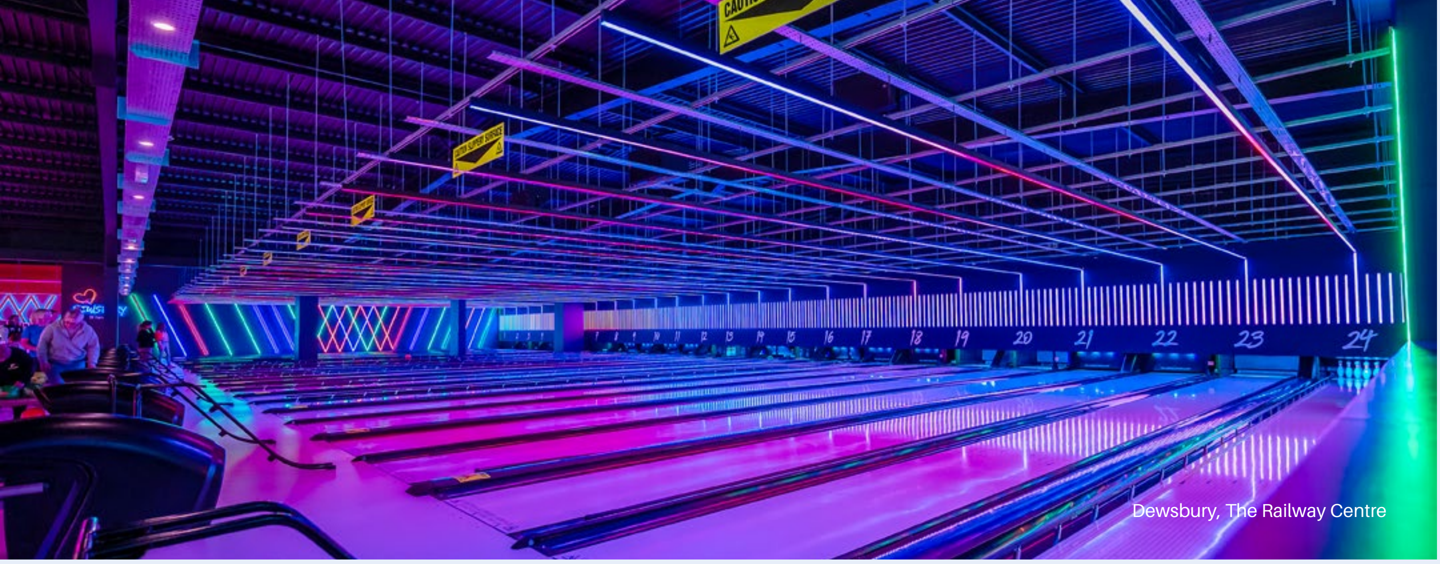
The Company holds a low exposure to the office market at only 12% of portfolio value across three assets, one of which has retail and leisure on the ground floor level. These assets have been selected for their location, with their investment values supported by alternative-use values. As such, the portfolio's office assets have experienced a greater level of resilience than the wider market in recent years as demonstrated by the Company's performance versus the benchmark during the period.

AEW UK REIT Office Performance vs. Benchmark



Source: MSCI 31 Year to 31 March 2025
* the Benchmark refers to MSCI/AREF PFI Balanced Funds Quarterly Property Index.

Bristol, Queen Square



Dewsbury, The Railway Centre

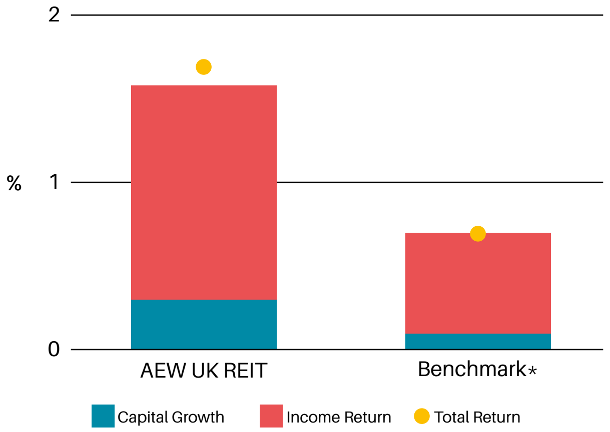
ALTERNATIVES

In the leisure market, which constitutes 14% of the Company's portfolio, experiential leisure has led the occupier recovery, with tenpin bowling and competitive social operators reporting growing profitability during the period. Despite the squeeze on consumer discretionary spend, this sub-sector has, over the past 10 years, helped fuel a significant increase in leisure take-up across the UK's largest cities, averaging more than 30%. Around 75% of this growth has been through conversion of existing units, likely former retail and office space, rather than new development, a clear sign of repositioning in action.

Improved box office sales will be key to regaining widespread investor confidence in the cinema sector. Both Odeon and Vue refinanced in H1 2024, providing greater stability for the sector, with all operators predicting a return to profit in 2025. The health and fitness sector continues to experience growth, particularly at the premium and budget end of the market.

The Company's portfolio outperformed the benchmark during the period both in terms of income and capital return. This was driven predominantly by a key letting to Tenpin in Dewsbury. This letting was undertaken in competition with traditional retail tenants, with the terms secured as leisure use being considered more lucrative than retail.

AEW UK REIT Alternatives Performance vs. Benchmark

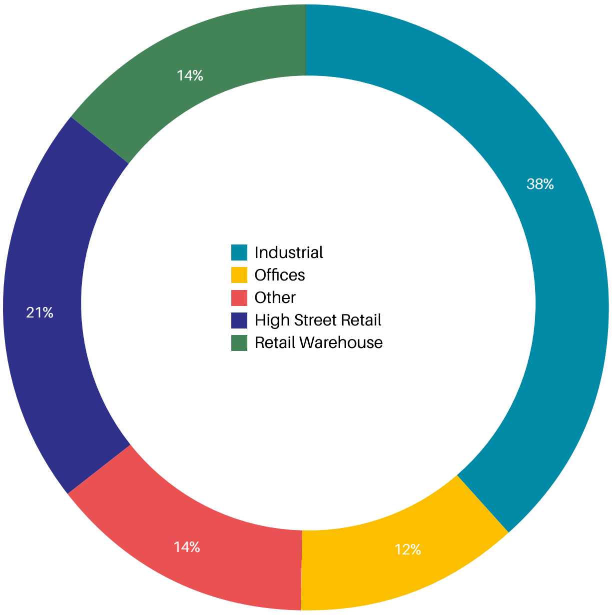


Source: MSCI Year to 31 March 2025
* the Benchmark refers to MSCI/AREF PFI Balanced Funds Quarterly Property Index.

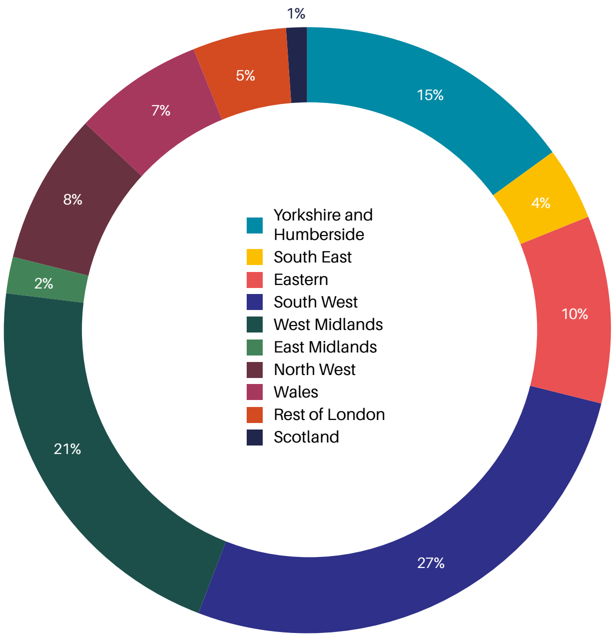
Sources:
Savills UK | Market in Minutes: UK Commercial – February 2025
UK Real Estate Navigator
UK Real Estate Market Outlook 2025
Reflecting on the UK Industrial and logistics market in 2024 and looking forward to 2025

Property Portfolio

SECTOR WEIGHTING BY VALUATION – HIGH INDUSTRIAL WEIGHTING AND LOW EXPOSURE TO OFFICES



GEOGRAPHIC WEIGHTING BY VALUATION – HIGHLY DIVERSIFIED ACROSS THE UK



LIKE-FOR-LIKE VALUATION MOVEMENT FOR THE YEAR

	VALUATION 31 MARCH 2025		LIKE-FOR-LIKE VALUATION MOVEMENT FOR THE YEAR	
SECTOR	VALUATION (£M)	% OF PORTFOLIO	LFL MOVEMENT (£M)	LFL MOVEMENT (%)
Industrial	78.60	38.42	4.63	6.26
High Street Retail	43.80	21.41	2.25	7.10
Other	28.90	14.13	0.48	1.67
Retail Warehouses	28.65	14.01	3.93	15.90
Office	24.60	12.03	(0.45)	(1.80)
Total	**204.55**	**100.00**	**10.84**	**5.89***

* This is the overall weighted average like-for-like valuation increase of the portfolio.

AEW UK REIT Top Ten Assets

At year-end, the portfolio's top 10 assets constituted 50.1% of the overall portfolio value. As detailed on the following pages, these are diversified across both sector and geography.

1 **Wrexham**
Gresford Industrial Estate

2 **Bath**
Northgate House

3 **Dagenham**
London East Leisure Park

4 **Bath**
Cambridge House

5 **Bristol**
40 Queen Square

6 **York**
25 George Hudson Street

7 **Hitchin**
Bancroft

8 **Shrewsbury**
Arrow Retail Park

9 **Bristol**
Union Street

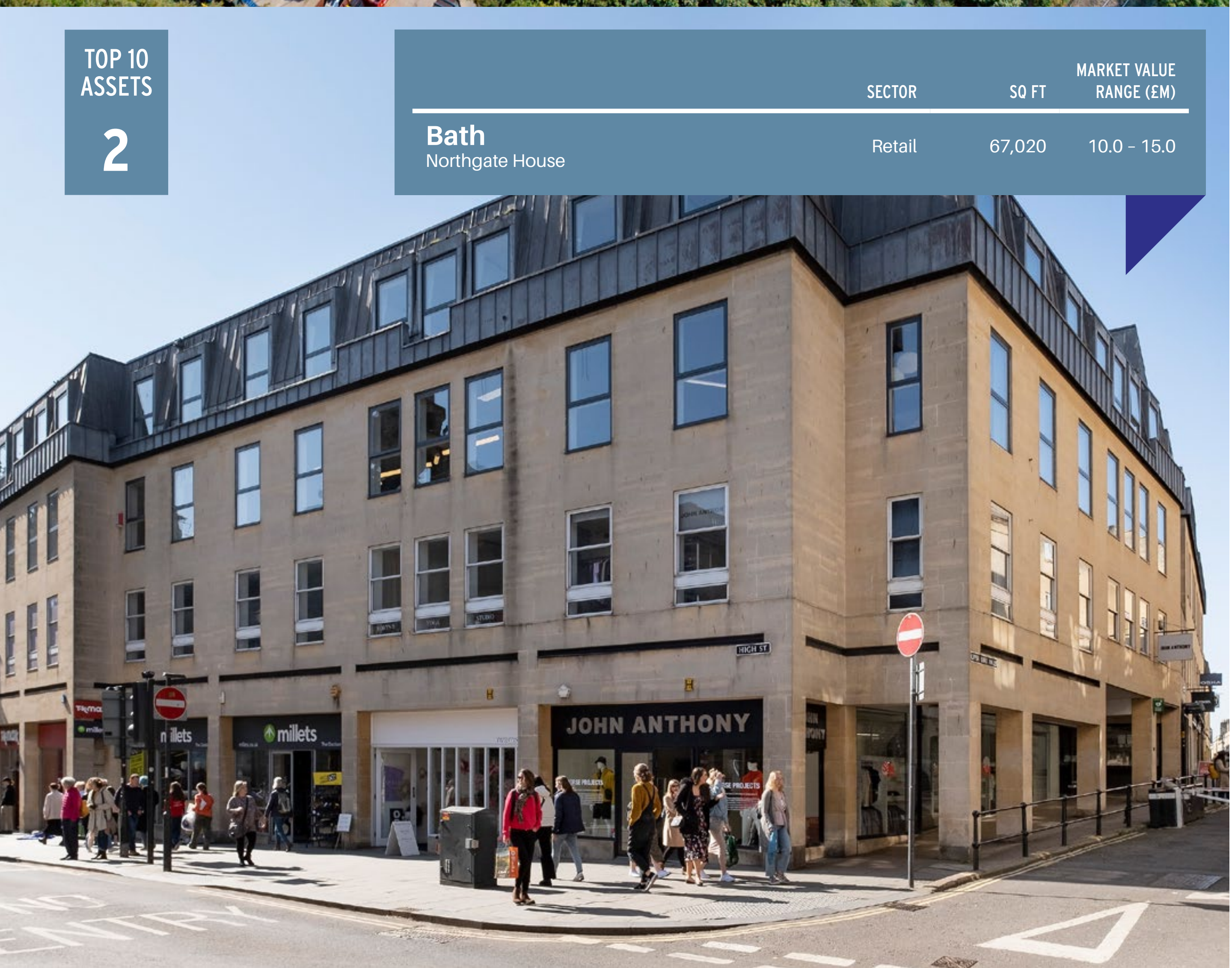
10 **Basildon**
Apollo Business Park

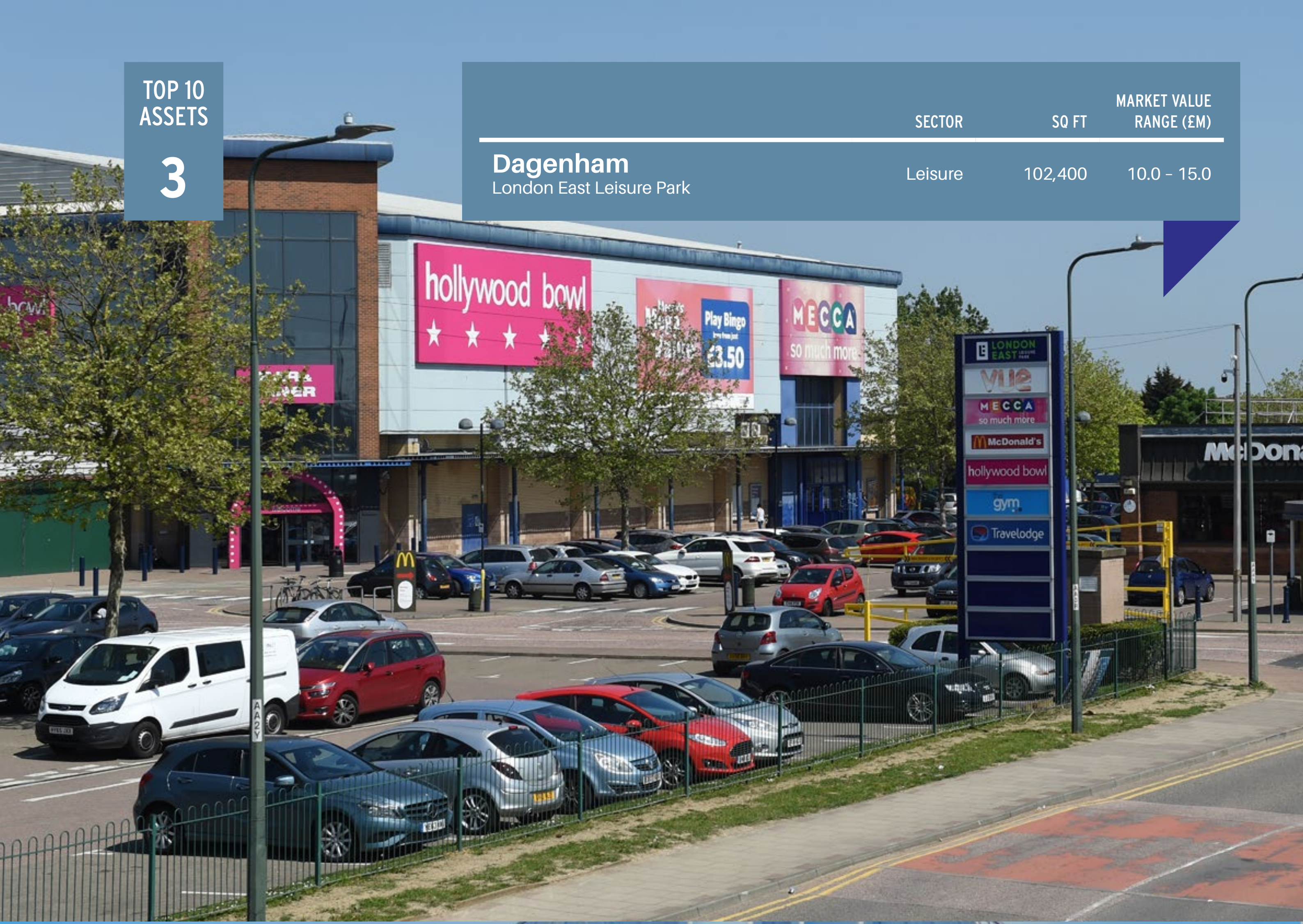
TOP 10 ASSETS 1

	SECTOR	SQ FT	MARKET VALUE RANGE (£M)
Wrexham Gresford Industrial Estate	Industrial	279,541	10.0 – 15.0

TOP 10 ASSETS 2

	SECTOR	SQ FT	MARKET VALUE RANGE (£M)
Bath Northgate House	Retail	67,020	10.0 – 15.0

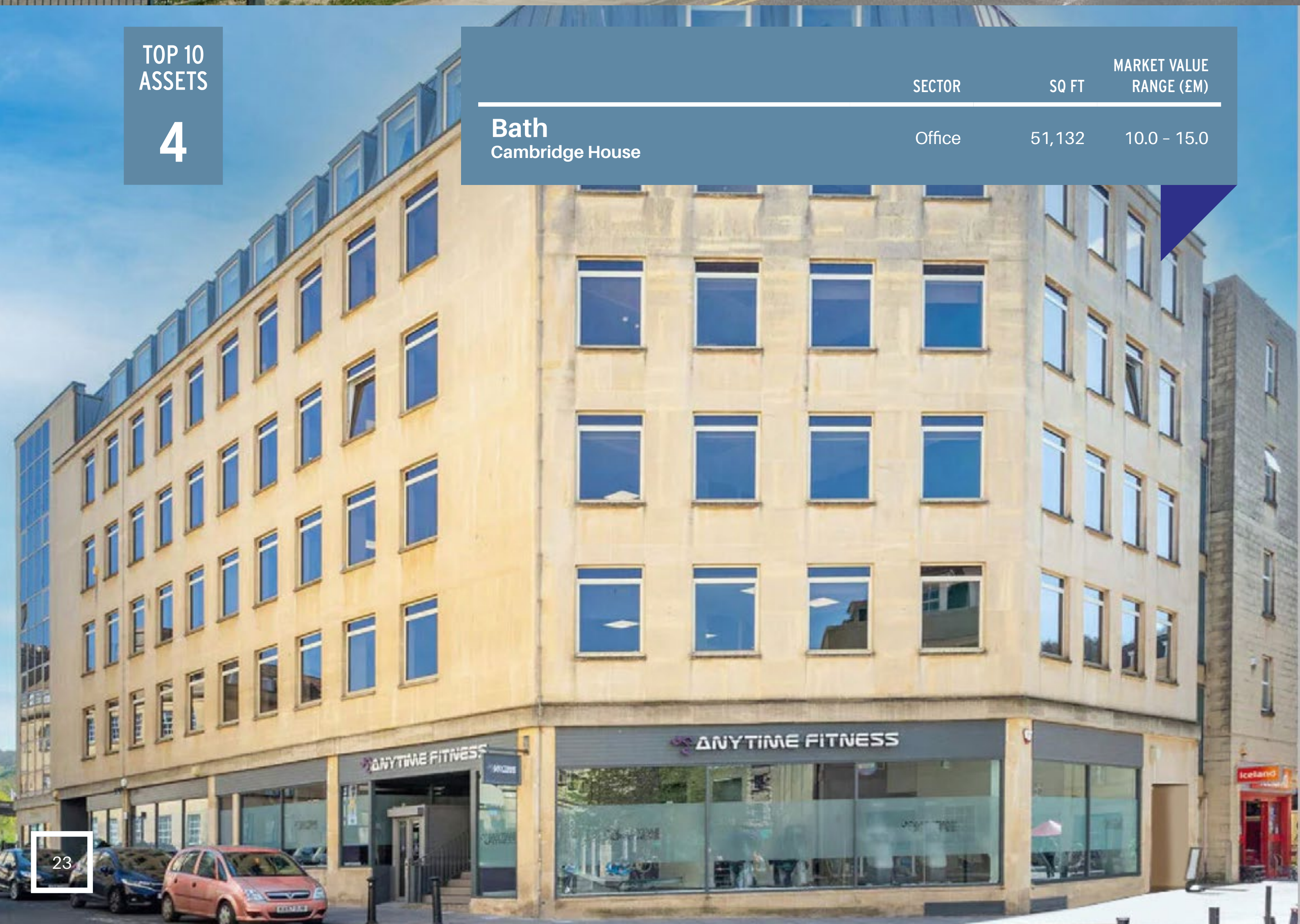




TOP 10 ASSETS

3

	SECTOR	SQ FT	MARKET VALUE RANGE (£M)
Dagenham London East Leisure Park	Leisure	102,400	10.0 – 15.0



TOP 10 ASSETS

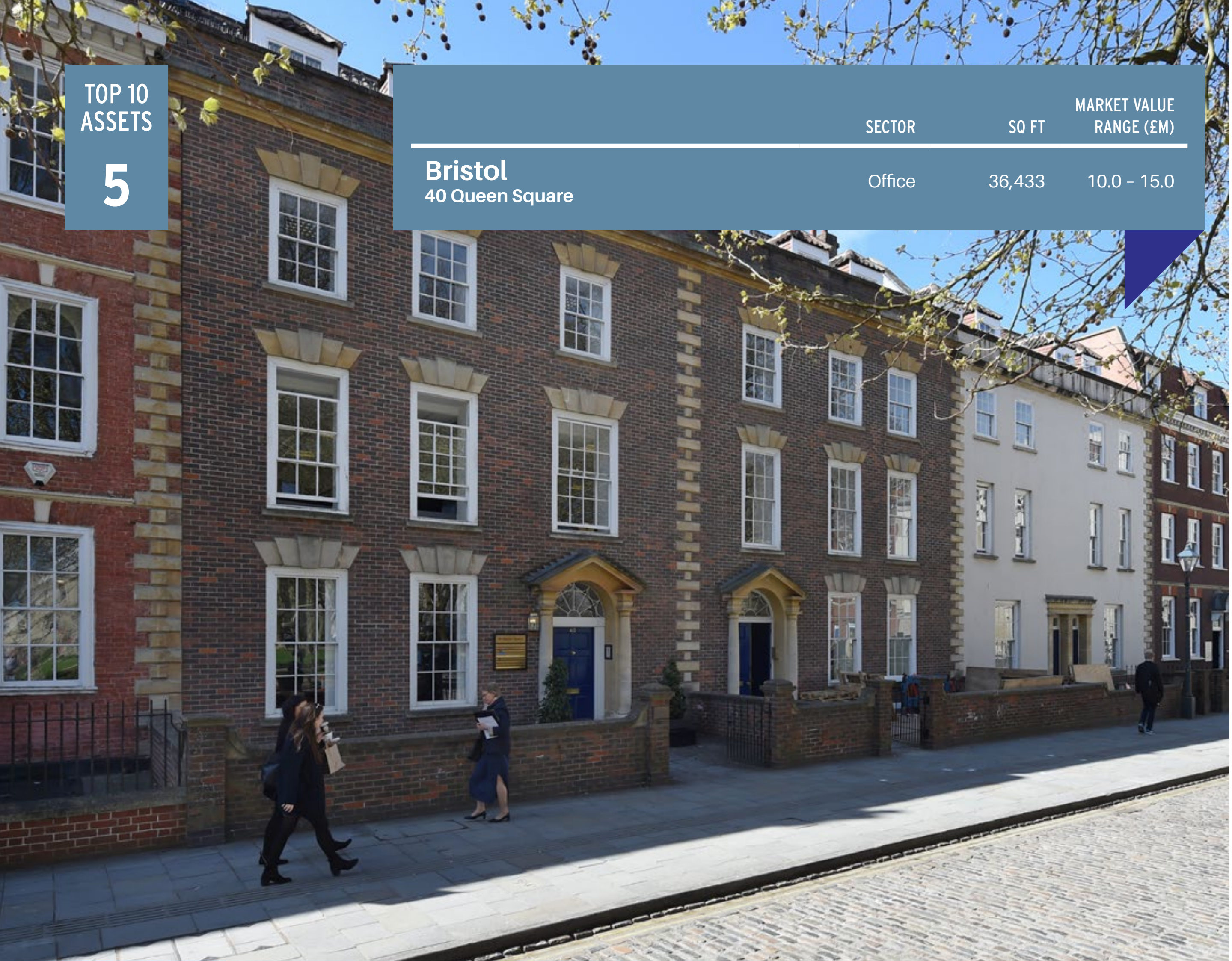
4

	SECTOR	SQ FT	MARKET VALUE RANGE (£M)
Bath **Cambridge House**	Office	51,132	10.0 – 15.0

TOP 10 ASSETS

5

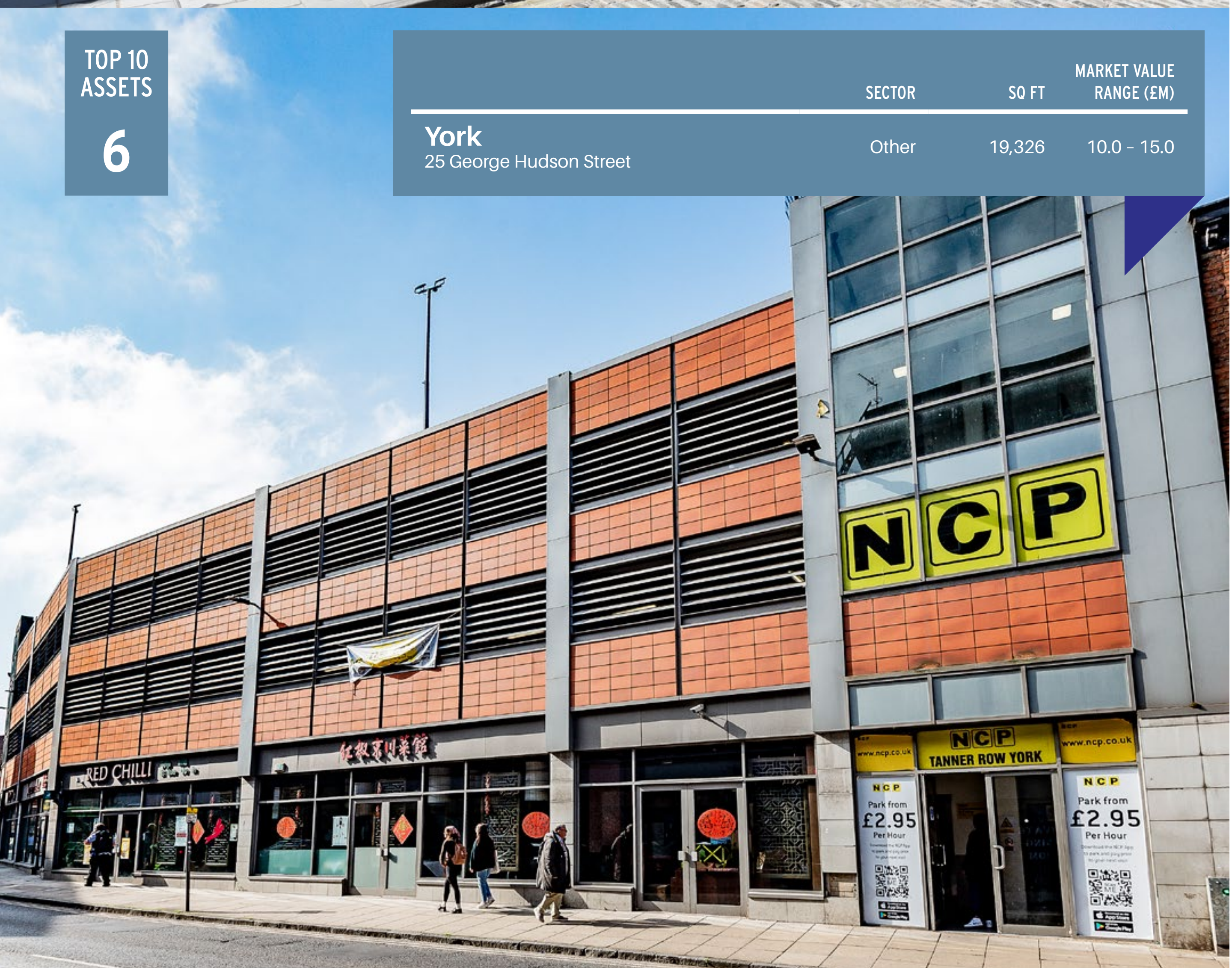
	SECTOR	SQ FT	MARKET VALUE RANGE (£M)
Bristol 40 Queen Square	Office	36,433	10.0 – 15.0



TOP 10 ASSETS

6

	SECTOR	SQ FT	MARKET VALUE RANGE (£M)
York 25 George Hudson Street	Other	19,326	10.0 – 15.0



TOP 10 ASSETS

7

	SECTOR	SQ FT	MARKET VALUE RANGE (£M)
Hitchin Bancroft	Retail	47,118	5.0 – 10.0

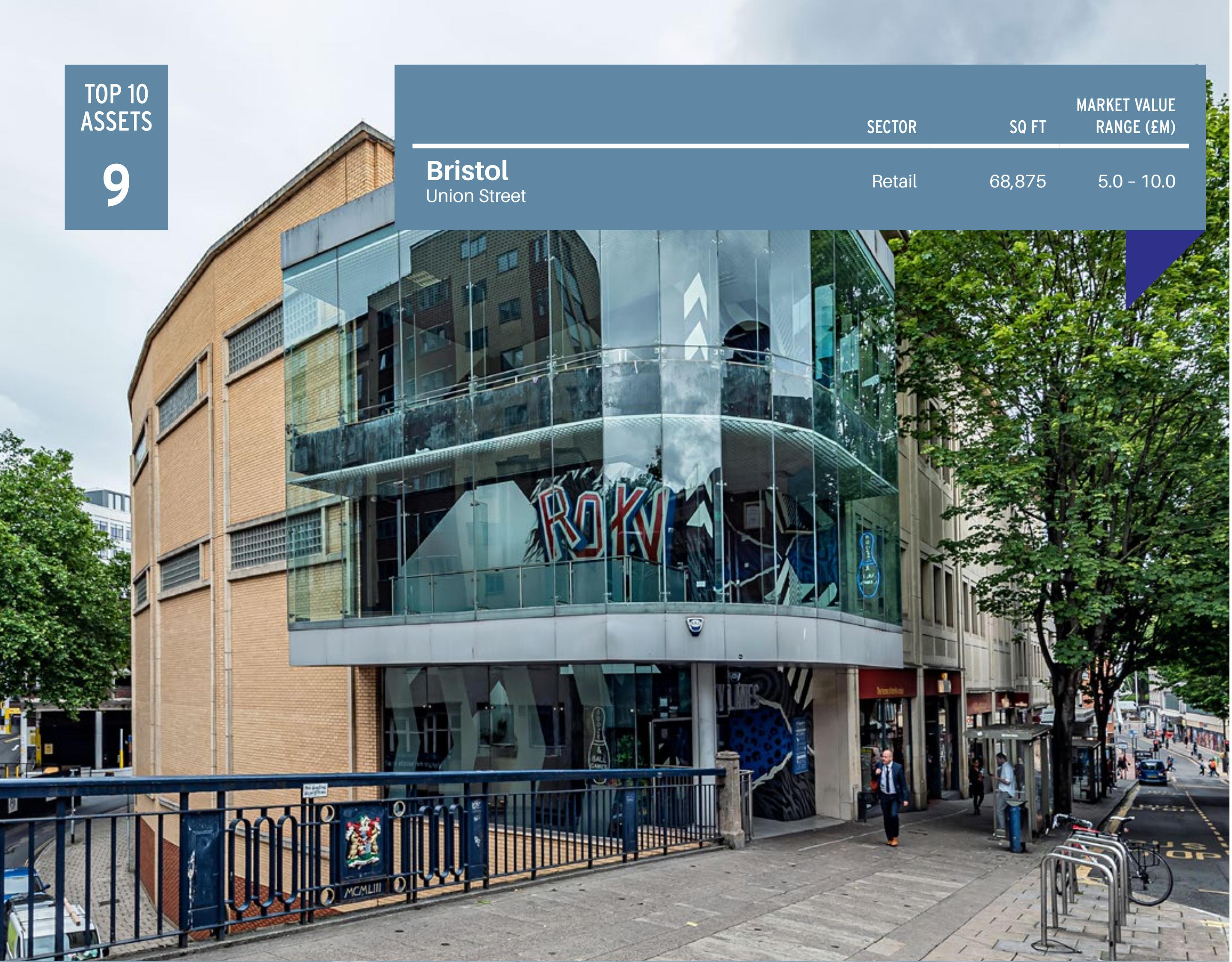
TOP 10 ASSETS

8

	SECTOR	SQ FT	MARKET VALUE RANGE (£M)
Shrewsbury Arrow Retail Park	Retail Warehouse	94,891	5.0 – 10.0

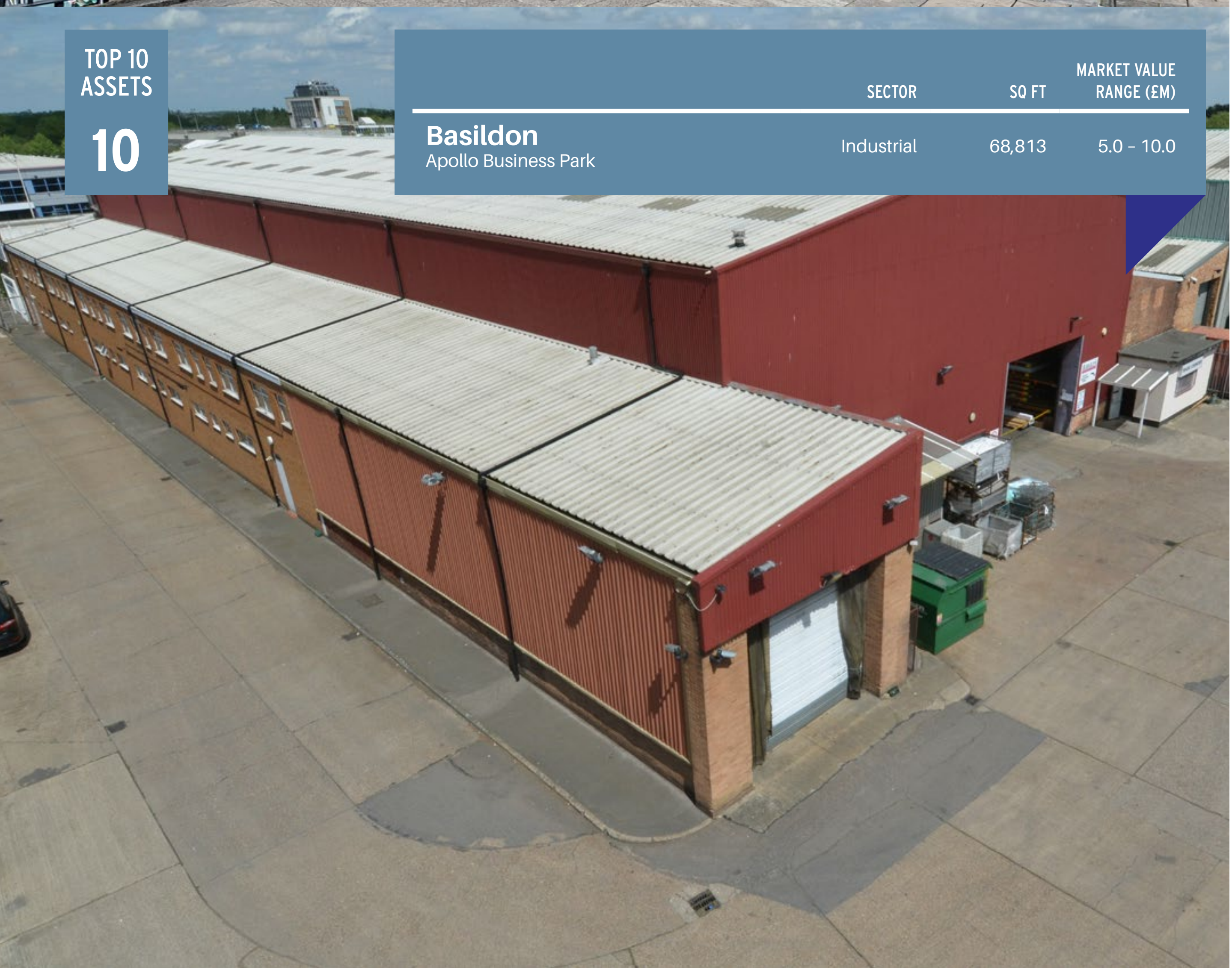
TOP 10 ASSETS
9

	SECTOR	SQ FT	MARKET VALUE RANGE (£M)
Bristol Union Street	Retail	68,875	5.0 – 10.0



TOP 10 ASSETS
10

	SECTOR	SQ FT	MARKET VALUE RANGE (£M)
Basildon Apollo Business Park	Industrial	68,813	5.0 – 10.0



AEW UK REIT Property Portfolio

39% INDUSTRIAL

Baslidon Apollo Business Park	Freehold	68,813 sq ft
Baslidon 1 Bentalls, Pipps Hill Industrial Estate	Freehold	32,857 sq ft
Bradford Knowles Lane	Freehold	46,629 sq ft
Peterborough Storey's Bar Road	Freehold	184,114 sq ft
Redditch Eagle Road, North Moons Industrial Estate	Freehold	37,992 sq ft
Rotherham Barbot Hall Industrial Estate	Freehold	81,979 sq ft
Runcorn Sarus Court	Freehold	82,379 sq ft
Sheffield Brightside Lane	Freehold	121,733 sq ft
St Helens Lea Green Industrial Estate	Freehold	93,588 sq ft
Wakefield Diamond Business Park	Freehold	202,043 sq ft
Walsall Brockhurst Cresent	Freehold	136,171 sq ft
Weston-Super-Mare Westlands Distribution Park	Freehold	323,353 sq ft
Wrexham Gresford Industrial Estate	Freehold	279,541 sq ft

21% HIGH STREET RETAIL

Bath Northgate House	Leasehold	67,020 sq ft
Bristol Union Street	Leasehold	68,875 sq ft
Bromley Next	Leasehold	52,415 sq ft
Hitchin Bancroft	Freehold	47,118 sq ft
Nottingham Wheeler Gate	Freehold	28,219 sq ft
Sheffield Fargate	Freehold	5,495 sq ft
Southampton Above Bar Street	Freehold	21,936 sq ft

14% OTHER

Cardiff Circuit Nightclub	Freehold	39,470 sq ft
Dagenham London East Leisure Park	Freehold	102,400 sq ft
Glasgow JD Gyms Glasgow	Freehold	26,341 sq ft
Southend Odeon Cinema	Leasehold	40,635 sq ft
York 25 George Hudson Street	Freehold	19,326 sq ft

14% RETAIL WAREHOUSE

Barnstaple Barnstaple Retail Park	Freehold	51,021 sq ft
Coventry Central Six Retail Park	Mixed	15,935 sq ft
Dewsbury The Railway Centre	Freehold	93,358 sq ft
Preston Cuerden Way	Freehold	58,306 sq ft
Shrewsbury Arrow Point Retail Park	Freehold	94,891 sq ft

12% OFFICE

Bath Cambridge House	Freehold	51,132 sq ft
Bristol 40 Queen Square	Leasehold	36,433 sq ft
Gloucester Cedar House	Freehold	37,753 sq ft

Investment Update

The Company made one acquisition during the year:

Hitchin, Bancroft

In March, the Company completed the purchase of a freehold, high-street retail asset at 13/13A, 114-119, 121-123 Bancroft and 3-4 Portmill Lane in the affluent commuter town of Hitchin for £10,000,000. The purchase price reflects an attractive net initial yield of 8.31% and a capital value of £213 per sq. ft.

The property provides accommodation of 47,118 sq. ft. across 12 retail units and a standalone office building, as well as car parking and service yards. The retail elements of the property are fully let to a strong line-up of 14 tenants, with recent leasing activity evidencing the strength of the location. Major tenants include Marks & Spencer plc, Next Group plc, Vodafone Ltd, The White Company and Holland & Barrett. The vacant office element to the rear provides various asset management options in the short-to-medium term, including new lettings or residential conversion.

The Company made one disposal and one part-disposal during the year:

Droitwich, Oak Park Industrial Estate

INDUSTRIAL

In July 2024, the Company completed the sale of Oak Park Industrial Estate, Droitwich, for £6,300,000, reflecting a net initial yield of 7.95% and a capital value of £33 per sq. ft. A sale at this price represented a circa 33% premium to the 31 March 2024 valuation. Following the completion of three new lettings during 2023, which added £272,000 of annual rental income, the property was fully let. With impending capital expenditure on refurbishment, it was believed that the value of the asset in the medium term had been maximised. The industrial estate was bought in December 2015 for £5,625,000, reflecting a 10.4% net initial yield and a capital value of £30 per sq. ft.

Coventry, Central Six Retail Park

RETAIL WAREHOUSE

In December 2024, the Company completed the part-disposal of units 1-11 of Central Six Retail Park, Coventry, for £26,250,000, reflecting a net initial yield of 7.49% and a capital value of £213 per sq. ft. The sale price represented a 60% premium to the purchase price of the entire property which was acquired in November 2021 for £16,411,000 (£110 per sq. ft.), and a 6.7% premium to the 30 June 2024 valuation, being the latest valuation date prior to agreeing sale terms.

During its ownership, the Company increased occupancy from 24% to 100% and increased the net operating income by circa 54% by undertaking lettings to tenants including Aldi Stores Limited, Iceland Foods Limited, Next Group plc, Boots UK Ltd, and TJX UK (TK Maxx).

Excluding the remaining part of the retail park (Units 12, A(1), A(2) and B), known as the 'triangle site', which the Company has retained, the sale delivered an IRR of circa 15%.

Asset Management Update

The Company completed the following material asset management transactions during the year:

Bradford, Knowles Lane

INDUSTRIAL

The Company completed a lease renewal with Pilkington United Kingdom Limited at an increased rent of £265,000 per annum. The previous rent (payable until September 2024) was £208,000 per annum, representing a 27% increase. On the fifth anniversary of the lease term, there is an open market rent review, as well as a tenant-only break option.

Peterborough, Storey's Bar Road

The Company settled Walstead Peterborough Limited's three-yearly RPI rent review (2% collar and 4% cap, compounded annually) at £724,861 per annum (£3.94 per sq. ft.), an £80,462 per annum (12.5%) increase on the previous passing rent of £644,399 per annum (£3.50 per sq. ft.). Despite this notable uplift, the single-let industrial unit is still considered 'under-rented' with an ERV greater than £4.00 per sq. ft.

Redditch, Eagle Road, North Moons Industrial Estate

The Company settled Carrs Coatings Ltd's August 2024 annual uncapped RPI rent review at £304,809 per annum (£8.02 per sq. ft.), representing a £10,461 per annum (circa 3.6%) increase.

Runcorn, Sarus Court

The Company completed a speculative refurbishment project of units 1001 and 1003, formerly let to CJ Services. The works comprised roof improvements, respraying of external elevations, internal strip-out and decoration, and replacing M&E services to improve the EPC ratings to a B. The cost of the works was £811,578, excluding professional fees.

Following practical completion of the project, the Company completed a new lease of Unit 1001 to ODL Europe Ltd. The tenant has entered a straight five-year lease paying a rent of £137,530 per annum (£8.50 per sq. ft.). The tenant has been granted a three-month rent-free incentive. The previous passing rent, prior to refurbishment, was £6.50 per sq. ft. In carrying out the refurbishment, the Company has crystalised significant rental growth from the previous rent.

Wakefield, Diamond Business Park

Following a statutory demand being served on the last remaining office tenant of Diamond House, AFI-Uplift Ltd ("AFI"), due to service charge and insurance arrears of £210,967, AFI has paid all of their arrears and surrendered their lease, which was due to expire in November 2027. An early surrender will enable demolition of the entire block, facilitating an industrial open storage letting on the estate.

Weston-super-Mare, Westlands Distribution Park

The Company settled North Somerset District Council's April 2024 open market rent review at £110,000 per annum (£3.61 per sq. ft.), representing a 14% increase on the previous passing rent.

The Company also settled Container Team Limited's outstanding June 2024 open market rent review at £99,000 per annum, representing a 90% increase on the previous passing rent of £52,000 per annum. The increase in rent reflects the current strength of the UK's IOS (industrial outdoor storage) occupational market.

The Company completed a three-year lease renewal of Unit 3A with Weston & District Community Transport Ltd at a rent of £12,000 per annum. On the first anniversary of the lease term, there is a mutual rolling break option.

Bromley, Next

RETAIL

The Company agreed Next's annual turnover top-up rent for the year to 28 September 2024 at £200,791 in addition to the base rent of £350,000 per annum.

The Company subsequently completed a lease regear with Next, who will enter a five-year reversionary lease effective from September 2025 in return for rebasing the rent at a fixed amount of £430,000 per annum with nine months' rent-free, subject to Next completing a refurbishment of the store. Next will continue to pay the existing base rent of £350,000 per annum plus a turnover rent equal to 8% of turnover above £3.5 million until September this year. With the lease regear remaining outside the 1954 Act, this is advantageous to the Company, with the property being an attractive opportunity for a residential developer or an owner-occupier.

Bristol, Union Street

Having completed subdivision works to the former Wilko unit, separating the ground and basement levels from the first floor, the Company completed a new letting of the first floor to Roxy Lanes (Bristol) Ltd (Roxy), who already occupy the second floor of the building. Roxy entered into a new lease until 2036, conterminous with their existing lease of the second floor. The rent, which will be reviewed to RPI (1.50% collar and 4.0% cap, compounded annually) in 2026 and 2031, is £95,000 per annum (£10.55 per sq. ft.) and is guaranteed by Roxy Leisure Holdings Ltd. Roxy was granted a 12-month rent-free period and a £95,000 capital contribution as a letting incentive.

The Company also completed a new lease of the ground and basement levels to Grip-UK Ltd (trading as Climbing Hanger), who operate the space as a climbing and bouldering centre. The tenant has entered a 12-year lease, with a tenant break option on the expiry of the tenth year, paying a rent of £300,000 per annum. There will be a five yearly rent review in line with annually compounded CPI (2% collar and 4% cap). The tenant has been granted a 12-month rent-free period.

Sheffield, Fargate

The Company completed a new lease to fashion retailer, Blue Banana Retail Limited. The tenant has entered into a 10-year lease, with a tenant break option on the expiry of the fifth year, paying a rent of £55,000 per annum. There will be a five yearly-rent review to RPI compounded annually (1% collar and 3% cap). The tenant has been granted a seven-month rent-free period.

Cardiff, Circuit Nightclub

OTHER

The Company completed an assignment of CC Stim UK Tradeco 5 Ltd's (in administration) lease to Neos 13 Ltd. There was a simultaneous variation of the lease, revising the rent from £300,000 per annum to a base rent of £175,000 per annum, together with an additional 'top-up' rent equivalent to 10% of turnover where turnover exceeds £1.75m per annum, with an aggregate of the combined base rent and turnover rent to be capped at £300,000 per annum. The variation also provides a mutual break clause allowing either party to exercise a break on 1 February or 1 August in any year after August 2026.

Dagenham, London East Leisure Park

Following a protracted exchange of correspondence with The Original Bowling Company Limited (trading as Hollywood Bowl), the turnover rent equating to £276,120 (£92,040 per annum) was billed.

Barnstaple, Barnstaple Retail Park

RETAIL WAREHOUSE

The Company completed a letting of Unit 2 to Farmfoods Limited, who have taken a 15-year lease, with a tenant break option at the expiry of the tenth year, at a rent of £125,000 per annum (£13.00 per sq. ft.). No rent-free incentive was given, but the unit's externals were refurbished by the Company, with the cost recovered through a dilapidations settlement with the former tenant.

Coventry, Central Six Retail Park

On 9 December 2024, the Company simultaneously exchanged an agreement for surrender with TUI UK Retail Limited (TUI) and an agreement for lease with Superdrug Stores Plc (Superdrug) for Unit 10. The agreements are conditional upon TUI carrying out works to Unit 10 and a capital contribution of £31,000 from the Company. Once the conditions have been satisfied, Superdrug will enter into a new 10-year lease, with a tenant-only break option in year five, at a rent of £158,760 per annum (£18 per sq. ft.). The letting includes a 12-month rent-free incentive.

The Company completed a lease with new tenant, Salvation Army Trading Company Ltd, for Unit 12. The tenant entered a new lease expiring in November 2032, with a tenant-only break option at the end of the fifth year, at a rent of £140,000 per annum (£13.97 per sq. ft.). The letting includes a nine-month rent-free incentive.

The Company completed a new lease with TUI UK Retail Limited (TUI) for Unit A (2) on a five-year term, with a tenant-only break option at the end of year three, at a rent of £75,000 per annum (£43.55 per sq. ft.). The letting includes a six-month rent-free incentive and a tenant break penalty equivalent to 12 months' rent. The Company provided a £174,000 capital contribution for strip-out and subdivision works of the former American Golf unit.

The Company completed a new lease of Unit A (1) to Costa Limited. The tenant has entered a lease expiring in November 2032, with a tenant break option on the expiry of the fifth year, paying a rent of £65,000 per annum. There will be a five-yearly open market rent review capped at 2.5%, compounded annually. The tenant has been granted a six-month rent-free period.

Dewsbury, The Railway Centre

The Company completed a 25-year lease with leisure operator, Tenpin Limited, of the former Mecca Bingo space. The lease provides a passing rent of £378,470 per annum (£13.59 per sq. ft.), with five-yearly compounded CPI reviews (1% collar and 3% cap). There is a tenant break option in year 17.5. At the time of Mecca Bingo vacating, the unit had an ERV of £8.00 per sq. ft. A £1,550,000 capital contribution was given as a tenant incentive, with the Company carrying out strip-out and enabling works at a cost of £383,352.

Bath, Cambridge House

OFFICE

The Company completed a new lease on the ground and basement floors with premium gym operator, Marchon Bath Ltd (trading as Marchon). The tenant has entered a straight 10-year lease paying a rent of £70,000 per annum. Lease completion was subject to the completion of circa £90,000 landlord strip-out works. There will be a five-yearly upwards only rent review to the higher of open market or annually compounded RPI (2% collar and 4% cap). The tenant has been granted a 12-month rent-free period. This will be Marchon's fourth location, including White City and Stratford, both in London, as well as Harpenden.

Bristol, 40 Queen Square

A circa £200,000 refurbishment project has commenced on the former Ramboll Whitbybird (Ramboll) space on the first floor (north). Ramboll's dilapidation liability was settled at £37,888, therefore net capital expenditure equates to approximately £162,000. Approximately £450,000 has been spent undertaking a refurbishment project of vacant space on the first floor (north) as well as the building's communal reception area. About two-thirds of the cost invested in the building during the period has been recoverable from tenants via service charges and dilapidations payments.

Principal Risks and Uncertainties

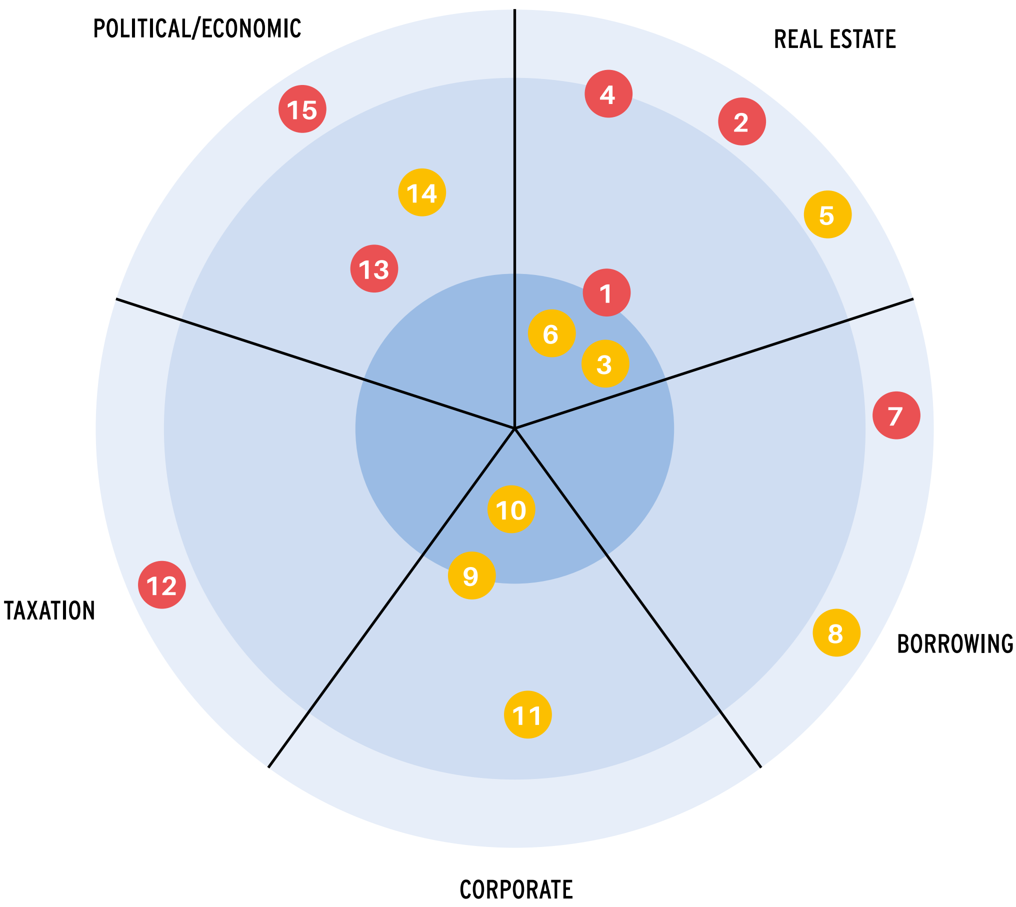
The Company's assets consist of UK commercial property. Its principal risks are therefore related to the commercial property market in general, but also to the particular circumstances of the individual properties and the tenants within the properties.

The Board has overall responsibility for reviewing the effectiveness of the system of risk management and internal control which is operated by the Investment Manager. The Company's ongoing risk management process is designed to identify, evaluate and mitigate the significant risks the Company faces.

At least twice a year, the Board undertakes a formal risk review through the Audit and Risk Committee, to assess the adequacy and effectiveness of the Investment Manager and other service providers' risk management and internal control processes. The Audit and Risk Committee is responsible for reviewing the principal and emerging risks facing the Company and, in liaison with the Investment Manager, advises the Board on these risks. Stated movements in the probability or impact of risks is in comparison to the prior year end.

The Board has carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

An analysis of the principal risks and uncertainties is set out below. The risks below do not purport to be exhaustive as some risks are not yet known and some risks are currently not deemed material but could turn out to be material in the future.



KEY

1. Property market
2. Property valuation
3. Tenant default
4. Asset management initiatives
5. Due diligence
6. Fall in rental rates
7. Breach of borrowing covenants
8. Availability and cost of debt
9. Dependence on the Investment Manager and Other Service Providers
10. Failure to meet objectives
11. Business interruption
12. Company REIT status
13. General political/economic environment
14. Environmental transition risk
15. Physical risk to buildings

Principal risk impact	High Medium Low
Probability of risk	Low Moderate High

The matrix above illustrates the Company's assessment of the impact and probability of the principal risks identified.

REAL ESTATE RISKS

1. Property Market

PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT	HOW RISK IS MANAGED	RISK ASSESSMENT
Any property market recession or future deterioration in the property market could, inter alia, (i) cause the Company to realise its investments at lower valuations; (ii) delay the timings of the Company's realisations; and (iii) cause a deterioration in the rating of the Company's shares as a result of declining sentiment, thereby reducing shareholder return. These risks could have a material adverse effect on the ability of the Company to achieve its investment objective.	The Company has investment restrictions in place to invest and manage its assets with the objective of spreading and mitigating risk. The Investment Manager actively monitors net debt to mitigate the need for sub-optimal investment disposals.	**Probability:** High **Impact:** Moderate to High **Movement:** No change

2. Property valuation

PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT	HOW RISK IS MANAGED	RISK ASSESSMENT
Property and property-related assets are inherently difficult to value due to the individual nature of each property. There may be an adverse effect on the Company's profitability, NAV and the price of Ordinary Shares in cases where property valuations have been materially misstated.	The Company uses an independent external valuer (Knight Frank LLP) to value the properties at fair value in accordance with accepted RICS appraisal and valuation standards. Property valuations are subject to an independent statutory audit on an annual basis. The Audit and Risk Committee Chair attends quarterly valuation meetings on a recurring basis.	**Probability:** Low **Impact:** High **Movement:** No change

3. Tenant default

PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT	HOW RISK IS MANAGED	RISK ASSESSMENT
Failure by tenants to fulfil their rental obligations could affect the income that the properties earn and the ability of the Company to pay dividends to its shareholders.	Comprehensive due diligence is undertaken on all new tenants. Tenant covenant checks are carried out on all new tenants where a default would have a significant impact. The asset management team conducts ongoing monitoring and liaison with tenants to manage potential bad debt risk. Tenant concentration is also monitored on an ongoing basis to ensure that a single tenant failure would not significantly impact the Company's financial performance.	**Probability:** High **Impact:** Moderate to High **Movement:** No change

4. Asset management initiatives

PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT	HOW RISK IS MANAGED	RISK ASSESSMENT
Asset management initiatives, such as refurbishment works, may prove to be more extensive, expensive and take longer than anticipated. Cost overruns may have a material adverse effect on the Company's profitability, the NAV and the share price.	Costs incurred on asset management initiatives are closely monitored against budgets and reviewed in regular presentations to the Investment Management Committee of the Investment Manager.	**Probability:** Low to Moderate **Impact:** High **Movement:** No change

5. Due diligence

PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT	HOW RISK IS MANAGED	RISK ASSESSMENT
Due diligence may not identify all the risks and liabilities in respect of an acquisition (including any environmental, structural or operational defects) that may lead to a material adverse effect on the Company's profitability, the NAV and the price of the Company's Ordinary Shares.	The Company's due diligence benefits from work (such as legal reports on title, property valuations, environmental and building surveys) outsourced to third parties who have expertise in their areas. Such third parties have professional indemnity cover in place.	**Probability:** Low **Impact:** Moderate **Movement:** No change

6. Fall in rental rates

PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT	HOW RISK IS MANAGED	RISK ASSESSMENT
Rental rates may be adversely affected by general UK economic conditions and other factors that depress rental rates, including local factors relating to particular properties/locations (such as increased competition). Any fall in the rental rates for the Company's properties may have a material adverse effect on the Company's profitability, the NAV, the price of the Ordinary Shares and the Company's ability to meet interest and capital repayments on any debt facilities.	The Company builds a diversified property and tenant base with subsequent monitoring of concentration to individual occupiers and sectors (geographical and sector exposure). The Investment Manager holds quarterly meetings with its Investment Strategy Committee and regularly meets the Board of Directors to assess whether any changes in the market present risks that should be addressed in the Company's strategy.	**Probability:** Moderate **Impact:** Moderate to High **Movement:** No change

BORROWING RISKS

7. Breach of borrowing covenants

PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT	HOW RISK IS MANAGED	RISK ASSESSMENT
Material adverse changes in valuations and net income may lead to breaches in the Loan to Value ('LTV') and interest cover ratio covenants.	The Company monitors the use of borrowings on an ongoing basis through weekly cash flow forecasting and quarterly risk monitoring to monitor financial covenants. Significant headroom currently exists for both loan covenants. The Investment Manager maintains a close relationship with its loan finance provider, AgFe, to ensure continuing dialogue around covenants.	**Probability:** Low **Impact:** Moderate to High **Movement:** No change

8. Availability and cost of debt

PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT	HOW RISK IS MANAGED	RISK ASSESSMENT
In tandem with any future growth of the Company, renewed and additional debt funding is considered. It is acknowledged that the current interest rate environment may constrain the financial viability of further debt funding and that renewal of debt may be on less favourable terms.	The Company maintains a good relationship with the lender providing the term credit facility. The Company monitors the projected usage and covenants of the credit facility on an ongoing basis. The Company actively monitors the debt markets and loan term, engaging in loan extension negotiations far in advance of expiry.	**Probability:** Low **Impact:** Moderate **Movement:** No change

9. Dependence on the Investment Manager and Other Service Providers

PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT	HOW RISK IS MANAGED	RISK ASSESSMENT
The Company has no employees and is reliant upon the performance of its Investment Manager and other third party service providers. Failure by the Investment Manager and/or any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company. The future ability of the Company to successfully pursue its investment objective and investment policy may, among other things, depend on the ability of the Investment Manager to retain its existing staff and/or to recruit individuals of similar experience and calibre.	The Investment Manager has endeavoured to ensure that the principal members of its management team are suitably incentivised. The performance of service providers, in conjunction with their service level agreements, is monitored via regular calls and face-to-face meetings and the use of key performance indicators, where relevant. The Investment Manager encourages a team-based approach with the Board and its suppliers in order to promote an effective working culture.	**Probability:** Moderate to High **Impact:** Moderate **Movement:** No change

10. Failure to meet objectives

PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT	HOW RISK IS MANAGED	RISK ASSESSMENT
The Company may not meet its investment objective to deliver an attractive total return to shareholders from investing predominantly in a portfolio of smaller commercial properties in the United Kingdom. Poor relative total return performance may lead to an adverse reputational impact that affects the Company's ability to raise new capital or maintain an attractive rating in its shares. The Company may not pay its target dividend.	The Company has an investment policy to achieve a balanced portfolio with a diversified asset and tenant base. The Company also has investment restrictions in place to limit exposure to potential risk factors. The Investment Manager has extensive experience in navigating market volatility. The Company has the ability to pay dividends from current year revenue as well as revenue reserves and realised capital.	**Probability:** High **Impact:** Moderate to High **Movement:** No change

11. Business interruption

PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT	HOW RISK IS MANAGED	RISK ASSESSMENT
Cyber attacks on the Investment Manager's and/or other service providers' IT systems could lead to operational disruption, reputational damage, regulatory (including GDPR) or financial loss to the Company.	The Investment Manager's and other service providers' IT systems are protected by anti-virus software and firewalls that are updated regularly. Fire protection and access security procedures exist at all the Company's managed properties, along with the offices of its Investment Manager and other service providers.	**Probability:** Low to Moderate **Impact:** Moderate **Movement:** No change

TAXATION RISKS

12. Company REIT status

PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT	HOW RISK IS MANAGED	RISK ASSESSMENT
The Company has a UK REIT status that provides a tax-efficient corporate structure. If the Company fails to remain a REIT for UK tax purposes, its profits and gains will be subject to UK corporation tax. Any change to the tax status or UK tax legislation could impact on the Company's ability to achieve its investment objectives and provide attractive returns to shareholders.	The Company monitors REIT compliance through the Investment Manager on acquisitions; the Administrator on asset and distribution levels; the Registrar and Broker on shareholdings; and the use of third-party tax advisers to monitor REIT compliance requirements.	**Probability:** Low **Impact:** Moderate to High **Movement:** No change

POLITICAL/ECONOMIC RISKS

13. General political/economic environment

PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT	HOW RISK IS MANAGED	RISK ASSESSMENT
Political and macroeconomic events present risks to the real estate and financial markets that affect the Company and the business of its tenants. These might damage consumer and investor sentiment as real income and wealth levels are challenged by these exogenous events. Conflicts in the Middle East and Eastern Europe, as well as political and economic disruptions caused by tariffs, have all heightened the risks in the last year.	The Board considers the impact of political and macroeconomic events when reviewing strategy.	**Probability:** High **Impact:** Moderate to High **Movement:** No change

14. Environmental transition risk

PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT	HOW RISK IS MANAGED	RISK ASSESSMENT
Failure to identify and mitigate the transition risk for climate change could lead to the Company holding stranded assets and lead to a negative impact on its reputation. Failure by the Company to meet required regulatory standards could lead to increased stakeholder concern and negative feedback.	The Company has engaged specialist environmental consultants to advise the Board on compliance with regulatory requirements and adopting best practice where possible. All prospective acquisitions and asset management initiatives are influenced by environmental assessments undertaken by the Company, such as ensuring they are in conformance with the Minimum Energy Efficiency Standard ('MEES') Regulations. All assets have an Asset Sustainability Action Plan ('ASAP') initiative, which tracks environmental initiatives across the portfolio on an asset-by-asset basis for targeted, relevant and specific implementation of environmental improvements.	**Probability:** Moderate **Impact:** Moderate **Movement:** No Change

15. Physical risk to properties

PRINCIPAL RISKS AND THEIR POTENTIAL IMPACT	HOW RISK IS MANAGED	RISK ASSESSMENT
The risk of physical damage to properties as a result of environmental factors such as flooding and natural fires. In the long-term, changes in climate and/or weather systems may mean properties become unviable to tenants.	The Company obtains environmental surveys for all acquisitions, which mitigate the short-term risk of climate-related damage to properties owned. The Investment Manager's asset management team perform regular site visits to the Company's properties in order to continually assess the physical risk posed to them. This includes climate resilience assessments.	**Probability:** Low **Impact:** Moderate to High **Movement:** No Change

Alternative Investment Fund Manager ('AIFM')

AEW UK Investment Management LLP is authorised and regulated by the FCA as a full-scope AIFM and provides its services to the Company.

The Company has appointed Langham Hall UK Depositary LLP ('Langham Hall') to act as the depositary to the Company, responsible for cash monitoring, asset verification, and oversight of the Company.

Information Disclosures under the AIFM Directive

Under the AIFM Directive, the Company is required to make disclosures in relation to its leverage under the prescribed methodology of the Directive.

Leverage

The AIFM Directive prescribes two methods for evaluating leverage, namely the 'Gross Method' and the 'Commitment Method'. The Company's maximum and actual leverage levels are as per below:

	31 MARCH 2025		31 MARCH 2024	
LEVERAGE EXPOSURE	GROSS METHOD	COMMITMENT METHOD	GROSS METHOD	COMMITMENT METHOD
Maximum Limit	**140%**	**140%**	140%	140%
Actual	**118%**	**134%**	130%	137%

In accordance with the AIFM Directive, leverage is expressed as a percentage of the Company's exposure to its NAV and adjusted in line with the prescribed 'Gross' and 'Commitment' methods. The Gross method is representative of the sum of the Company's positions after deducting cash balances and without taking into account any hedging and netting arrangements. The Commitment method is representative of the sum of the Company's positions without deducting cash balances and taking into account any hedging and netting arrangements. For the purposes of evaluating the methods above, the Company's positions primarily reflect its current borrowings and NAV.

Remuneration

The AIFM has adopted a Remuneration Policy which accords with the principles established by AIFMD. AIFMD Remuneration Code Staff includes the members of the AIFM's Management Committee, those performing Control Functions, Department Heads, Risk Takers and other members of staff that exert material influence on the AIFM's risk profile or the AIFs it manages.

Staff are remunerated in accordance with the key principles of the firm's remuneration policy, which include:

- promoting sound risk management;
- supporting sustainable business plans;
- remuneration being linked to non-financial criteria for Control Function staff;
- incentivising staff performance over longer periods of time;
- awarding guaranteed variable remuneration only in exceptional circumstances; and
- having an appropriate balance between fixed and variable remuneration.

As required under section 'Fund 3.3.5.R(5)' of the Investment Fund Sourcebook, the following information is provided in respect of remuneration paid by the AIFM to its staff for the year ended to 31 December 2024

		YEAR ENDED 31 DECEMBER 2024
Total remuneration paid to employees during the financial year:		
a)	remuneration, including, where relevant, any carried interest paid by the AIFM:	£11,779,657
b)	the number of beneficiaries	74
The aggregate amount of remuneration of the AIFM Remuneration Code staff, broken down by:		
a)	senior management	£3,948,361
b)	members of staff	£7,831,296

	FIXED REMUNERATION	VARIABLE REMUNERATION	TOTAL REMUNERATION
Senior Management	£2,129,944	£1,818,417	£3,948,361
Staff	£5,553,932	£2,277,364	£7,831,296
Total	**£7,683,876**	**£4,095,781**	**£11,779,657**

Fixed remuneration comprises basic salaries and variable remuneration comprises bonuses.

AEW UK Investment Management LLP

26 June 2025

Coventry, Central Six Retail Park

Stakeholder Engagement

S172 STATEMENT

The Directors' overarching duty is to promote the success of the Company for the benefit of its shareholders, having regard to the interests of its other stakeholders, as set out in section 172 of the Companies Act 2006 (the 'Act'). The Directors have considered each aspect of this section of the Act and consider that the information set out below is particularly relevant in the context of the Company's business as an externally managed investment company which does not have any employees and relies on the contracted services from its key agents and suppliers.

We set out in the table below our key stakeholders, the nature of their relationship with the Company and Board, their key interests and how we engage with those stakeholders.

Our relationships with stakeholders are factored into Board discussions and decisions made by the Board will consider the impact on the stakeholders, in accordance with s172 of the Act.

STAKEHOLDER	INTERESTS	ENGAGEMENT
Investors Our shareholders are impacted directly by the financial performance of the Company through dividends and share price movements. They also play an important role in monitoring the governance of the Company.	- Sustainable growth of the Company and achieving target returns - Good relationship with the Company and Board - Effective structure and control framework - Impact of the Company on the wider community and environment - Reputation of the Company	- AGM, Annual and Interim Report, regulatory announcements - Quarterly update reports and other key information published on the website - Roadshows, meetings and presentations via the Investment Manager, and the Company's Broker and marketing agents
Service providers Key functions of the Company are outsourced to third-party suppliers, including investment management, property management, administration, company secretarial, registrar, depositary and legal services. It is important to develop strong long-term working relationships with these providers to enhance the efficiency of the Company's operations, as well as that of the providers themselves.	- Good relationship with the Company and Board - Fair contract terms and service-level agreements - Reputation of the Company - The Company's performance and long-terms prospects	- Effective and regular communication - Service-level agreements - Formal tender processes where appropriate - Management Engagement Committee review

STAKEHOLDER	INTERESTS	ENGAGEMENT
Tenants		
The Company's strategy in relation to its individual assets will directly affect the tenants in occupation of those assets.	- Good communication and relationship with the Company as landlord - Fair lease terms - Long-term strategy for the asset in line with the objectives of the tenant's activities	- Site visits and face-to-face meetings through the Investment Manager - Formal negotiations - Ongoing communication through the property manager
The wider community and environment		
The Company's physical real estate assets have a direct impact on their local communities depending on their primary use and on the environment through their emissions and energy usage.	- Impact of properties and their business plans on the local economy - Impact of properties on the attractiveness and appeal of the local area - Energy efficiency and greenhouse gas emissions	- Publishing of Sustainability Disclosure Report and Greenhouse Gas Emissions Statement - Global Real Estate Sustainability Benchmark ('GRESB') reporting - Communication with local authorities via Investment Manager

Wrexham, Gresford Industrial Estate

PRINCIPAL DECISIONS MADE BY THE BOARD

The principal decisions made by the Board during the year are summarised below.

Dividends	The Board considered the Company's target dividend of 8.00 pps per annum and approved payment of it, continuing the Company's track record in paying dividends at this level.
Continued focus on sustainability impact and GRESB score	The Board has continued its focus on responsible business practices. More details on sustainability impact and GRESB score can be found in the Directors' Report on pages 71 to 76. The Investment Manager meets regularly with MAPP and Evora, its ESG consultants, to consider initiatives to improve the Company's GRESB score.
Oversight of Investment Manager and Review of Investment Activities	The Board is responsible for the ongoing review of investment activity and performance and the control and supervision of the Investment Manager. During the year, the following key investment activities were reviewed by the Board: - The acquisition of 13-13A, 114-123 Bancroft and 3-4 Portmill Lane, Hitchen; - The disposal of Oak Park Industrial Estate, Droitwich; and - The disposal of Units 1-11, Central Six Retail Park, Coventry. Further details of the property transactions can be found in the 'Property Portfolio' section of the Investment Manager's Report.
Corporate Initiatives	The Board and Investment Manager assessed the Company's ability to grow through a variety of initiatives, including capital raising and M&A. Such opportunities continue to be reviewed.

Further information on the Company's engagement with stakeholders and its ESG policy can be found on pages 46 and 75.

Approval

The Strategic Report has been approved and signed on behalf of the Board by:

Robin Archibald
Chairman of the Board

26 June 2025

Governance

Invested.
In every square metre.


Runcorn, Sarus Court

Board of Directors

Robin Archibald

non-executive Chairman of the Board, and Chairman of the Management Engagement Committee

Mr Archibald was formerly Head of Corporate Finance and Broking at Winterflood until April 2014 when he retired from his executive roles. He is a Chartered Accountant and worked as a Corporate Financier with a number of leading city firms, including SG Warburg Securities and NatWest Markets. Robin has concentrated for much of his career on advising and managing transactions in the UK listed closed-ended funds sector. He is currently Chairman of Shires Income Trust, having been Chair of Albion Technology Venture Capital Trust and former Audit Chair and SID of Ediston Property Investment Company, Henderson European Trust and Capital Gearing Trust, roles he retired from in recent years.

Appointed: 1 October 2023

Mark Kirkland

non-executive Director, and Chairman of the Audit and Risk Committee

Mr Kirkland qualified as a Chartered Accountant with PricewaterhouseCoopers in London and has extensive corporate experience gained over 30 years, having held several senior roles in both public and private companies. Mr Kirkland's initial career was in corporate finance, predominately with UBS Limited. He has been CFO of several public and private companies and latterly was CEO of Delin Property, a pan-European logistics developer, investor and manager. He is currently an Executive Director of Kelso Group Holdings plc and Non-Executive Director of Strix Group Holdings plc.

Appointed: 9 November 2022

Katrina Hart

non-executive Director, and
Chairman of the Nomination and
Remuneration Committee

Mrs Hart spent her executive career in corporate finance and equity research advising, analysing and commenting on a broad range of businesses operating in the wealth and asset management sectors. During this period, she accumulated an in-depth understanding of the commercial dynamics and operational drivers of asset management and worked very closely with some of the most respected companies in the sector. Latterly, she was a highly rated financials analyst at HSBC, Bridgewell Group Plc and headed up the financials research team at Canaccord Genuity Inc.

Mrs Hart is Chairman of BlackRock Frontiers Investment Trust plc and JPMorgan UK Small Cap Growth and Income plc and a non-executive Director of Montanaro Asset Management Limited. She was formerly a non-executive Director of Premier Miton Group Plc, Polar Capital Global Financials Trust plc and Keystone Positive Change Investment Trust plc.

Appointed: 5 June 2017

Liz Peace

non-executive Director, and
Senior Independent Director

Mrs Peace spent her early career in Government in the Ministry of Defence, eventually becoming a key player in the creation of QinetiQ plc in 2001. She then moved into the private sector, becoming Chief Executive of the British Property Federation where she played a significant role in the creation of the UK's Real Estate Investment Trust structure. She was awarded a CBE in 2008 for services to the property industry. Mrs Peace has a non-executive portfolio career primarily focused on real estate, including NED roles at Howard de Walden Estates Ltd, Greencore Homes Ltd, and the Royal Institution of Chartered Surveyors where she is the Senior Independent Governor. She is chair of the University of Cambridge Property Board and of Nuclear Waste Services, an operating company of the Nuclear Decommissioning Authority. She is also chair of the Churches Conservation Trust, a secular organisation looking after 358 redundant Church of England churches.

Appointed: 1 October 2023

Corporate Governance Statement

This Corporate Governance Statement comprises pages 53 to 60 and forms part of the Directors' Report.

STATEMENT FROM THE CHAIRMAN OF THE BOARD

The Company is committed to maintaining high standards of corporate governance and considers that reporting against the principles and recommendations of the AIC Code of Corporate Governance issued in 2024 (the 'AIC Code'), provides better information to shareholders as it addresses all the principles set out in the UK Corporate Governance Code issued in 2024 (the 'UK Code'), as well as setting out additional principles and recommendations on issues that are of specific relevance to investment trusts, and is endorsed by the Financial Reporting Council (the 'FRC'). The terms of the FRC's endorsement mean that AIC members who report against the AIC Code fully meet their obligations under the UK Code and the related disclosure requirements contained in the Listing Rules. The AIC Code is available from the AIC website at theaic.co.uk. A copy of the UK Code can be obtained at frc.org.uk.

The Board recognises the importance of a strong corporate governance culture and has established a framework for corporate governance which it considers to be appropriate.

The UK Code includes provisions relating to:

- the role of the chief executive; and
- executive directors' remuneration.

For the reasons set out in the AIC Code, the Board considers these provisions not relevant to the position of the Company, being an externally managed REIT. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

The Board has reviewed the principles and recommendations of the AIC Code and considers that the Company has complied with these throughout the year. Mrs Peace was appointed as the Board's Senior Independent Director, and additional Board Committees were established in January 2025 (a Nomination and Remuneration Committee and Management Engagement Committee).

Bath, Northgate House


Runcorn, Sarus Court

THE BOARD OF DIRECTORS

Under the leadership of the Chairman, the Board of Directors is collectively responsible for the long-term sustainable success of the Company. It provides overall leadership, sets the strategic aims of the Company and ensures that the necessary resources are in place for the Company to meet its objectives and fulfil its obligations to shareholders within a framework of high standards of corporate governance and effective internal controls. The Directors are responsible for determining the Company's investment policy and investment strategy and have overall responsibility for the Company's activities, including the review of investment activity and performance and supervision of the Investment Manager.

The Board consisted of five non-executive Directors up to Mr Burton's retirement at the AGM in September 2024. Mr Archibald was appointed as Chairman of the Board following the AGM, and the Board now consists of four independent non-executive Directors. The Board seeks to ensure that it has an appropriate balance of skills and experience, and considers that, collectively, the Directors have substantial recent and relevant experience of the property sector, investment companies and financial and public company management.

The terms and conditions of the appointment of Directors are formalised in letters of appointment, copies of which are available for inspection from the Company's registered office. None of the Directors has a contract of service with the Company. On appointment, non-executive Directors undertake that they will have sufficient time to meet the expectations of the role. Directors are not entitled to any compensation for loss of office.

Chairman

The Chairman leads the Board and is responsible for its overall effectiveness in directing the Company. He promotes a culture of openness and debate and facilitates constructive Board relations and the effective contribution of all Directors. In liaison with the Company Secretary, he ensures that the Directors receive accurate, timely and clear information.

The Chairman was independent on appointment and is deemed by his fellow Board members to be independent in character and judgement and free of any conflicts of interest. He considers himself to have sufficient time to spend on the affairs of the Company and no conflicting activities.

The document setting out the responsibilities of the Chairman is available on the Company's website. The Board's policy is that the Chairman will serve for a maximum of nine years in order to be consistent with the requirement for regular Board refreshment.

Board Operation

The Board has adopted a formal schedule of matters reserved for decision by the Board. These matters include:

- responsibility for the determination of the Company's investment objective and policy;
- overall responsibility for the Company's activities, including the review of investment activity, gearing, performance and supervision of the Investment Manager;
- approval of Annual and Half-Yearly Reports and Financial Statements and accounting policies, prospectuses, circulars and other shareholder communications;
- raising new capital and approval of financing facilities;
- approval of the valuation of the Company's portfolio of assets;
- approval of the periodic announcement of the NAV of the Company;
- Board appointments and removals; and
- appointment and removal of the Investment Manager, Auditor and the Company's other service providers.

Board Meetings

The Company has four scheduled Board meetings a year, with additional meetings held to approve NAV announcements and dividends, and other meetings arranged as necessary. At each Board meeting, the Directors follow a formal agenda which is circulated in advance by the Company Secretary. The Administrator, Investment Manager and the Company Secretary regularly provide the Board with financial information, together with briefing notes and papers in relation to changes in the Company's economic and financial environment, statutory and regulatory changes and corporate governance best practice. A description of the Company's risk management and internal control systems is set out on page 59.

The Company's main functions are delegated to a number of service providers, each engaged under separate contracts. The management of the Company's portfolio is delegated to the Investment Manager, who manages the assets in accordance with the Company's investment objective and policy. At each Board meeting, representatives from the Investment Manager attend to present reports to the Directors covering the Company's current and future activities, portfolio of assets and its investment performance over the preceding period. The Board and the Investment Manager operate in a fully supportive, co-operative and open environment, and communication with the Board is maintained between scheduled meetings.

Board Committees

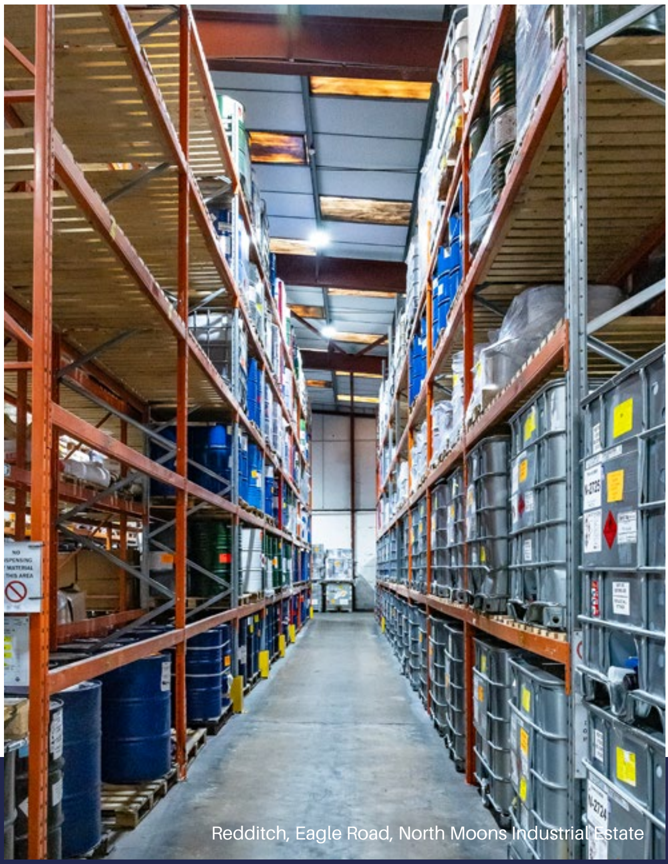
The Company has three Committees: the Audit and Risk Committee, the Nomination and Remuneration Committee, and the Management Engagement Committee ("MEC"). The Nomination and Remuneration Committee and the Management Engagement Committee were established in January 2025. Each Committee's delegated responsibilities are clearly defined in formal terms of reference, which are available on the Company's website.

The Audit and Risk Committee comprises all the non-executive Directors and is chaired by Mr Kirkland, who has recent and relevant financial experience. Given the size and nature of the Board, it is felt appropriate that all Directors are members of the Audit and Risk Committee. The Board is satisfied that the combined knowledge and experience of its members is such that the Committee discharges its responsibilities in an effective, informed and challenging manner. The Committee as a whole has competence relevant to the investment trust sector. Further details about this Committee and its activities can be found on pages 61 to 64.

The Nomination and Remuneration Committee comprises all the non-executive Directors and is chaired by Mrs Hart. Further details about this Committee and its activities can be found on pages 66 to 70.

The Management Engagement Committee comprises all the non-executive Directors and is chaired by Mr Archibald. The Committee is responsible for monitoring and evaluating the Investment Manager's and other key service providers' performance.

The MEC was established during the year, including its remit as distinct from the Board, and its activities included analysis of the services provided by all the key agents to the Company, including AEW, the costs of those services and how effective the agents were in performing their services. The services of the audit firm remains under the remit of the Audit and Risk committee. The MEC reported to the Board that it was satisfied with the services provided and that changes to individuals providing the services during the course of the year had been managed successfully. The MEC commended the services provided by AEW in managing the portfolio and the resultant performance record for the Company. The MEC continues to challenge costs, given the size of the Company, but recognises that in order to address an ambition for growth over the medium term, as well as providing the service level required for a listed REIT, with gearing, the operating costs will be higher than might be the case for an equity investment company.


Redditch, Eagle Road, North Moons Industrial Estate

MEETING ATTENDANCE

The table below sets out the number of scheduled Board and Committee meetings attended by each Director during the year ended 31 March 2025. The Board met on a number of occasions during the year, outside the normal cycle of board meetings, to discuss corporate issues affecting the Company.

	BOARD MEETINGS		AUDIT AND RISK COMMITTEE MEETINGS		NOMINATION AND REMUNERATION COMMITTEE MEETINGS		MANAGEMENT ENGAGEMENT COMMITTEE MEETINGS	
	NUMBER OF MEETINGS	NUMBER ATTENDED	NUMBER OF MEETINGS	NUMBER ATTENDED	NUMBER OF MEETINGS	NUMBER ATTENDED	NUMBER OF MEETINGS	NUMBER ATTENDED
Robin Archibald	6	6	2	2	1	1	1	1
Katrina Hart	6	6	2	2	1	1	1	1
Mark Kirkland	6	6	2	2	1	1	1	1
Liz Peace	6	6	2	2	1	1	1	1
Mark Burton*	6	3	2	1	1	–	1	–

* Retired on 4 September 2024.

PERFORMANCE EVALUATION

The Board has a formal process to evaluate its performance annually through the Nomination and Remuneration Committee. The Chairman acts on the results of the evaluation by recognising the strengths and addressing any weaknesses of the Board, as appropriate. The evaluation of the Chairman is carried out by the other Directors of the Company, led by Mrs Peace as the Senior Independent Director. The evaluation covers:

- the performance of the Board and its Committees, including how Directors work together as a whole;
- the balance of diversity, skills, experience, independence and knowledge of the Directors; and
- identification of areas for improving Board performance as well as key priorities ahead.

The Board seeks to ensure that it has an appropriate balance of skills and experience, and considers that, collectively, it has substantial recent and relevant experience of investment trusts, the UK real estate sector, and financial and capital markets.

DIRECTORS' INDEPENDENCE

The Board considers and reviews the independence of each non-executive Director on an annual basis as part of the Directors' performance evaluation. In carrying out the review, consideration is given to factors such as their character, judgement, commitment and performance on the Board and its Committees. Following review, all Directors are considered to be independent of the Investment Manager and free from any business or other relationship that could materially interfere with the exercise of his or her independent judgement. The Nomination and Remuneration Committee leads the appointment process for any new Directors through the use of an independent search firm.

DIVERSITY

Board Diversity

The Board's policy on diversity is to ensure that the Directors on the Board have a broad range of experience, skills and knowledge, with diversity of thinking, background and perspective. Appointments to the Board are made on merit against objective criteria, having regard to the benefits of diversity and the current and future needs of the business and the other factors set out in the AIC Code.

Diversity, including, but not limited to, gender, social background, ethnicity, age, sexual orientation, disability and professional and industry-specific knowledge, is an important consideration in ensuring that the Board and its committees have the right balance of skills, experience, independence and knowledge necessary to discharge their responsibilities. The Board notes the FCA rules on diversity and inclusion on company boards, namely, that from accounting periods starting on or after 1 April 2022:

a. At least 40% of individuals on the Board to be women;

b. At least one senior Board position to be held by a woman; and

c. At least one individual on the Board to be from a minority ethnic background.

The Board continues to develop its succession planning in line with these recommendations. In accordance with Listing Rule 6 Annex 1, the tables below, in prescribed format, show the gender and ethnic background of the Directors at the date of this Report.

The Board has complied with two out of the three recommendations and will look to address the third as part of ongoing succession planning whilst recognising that maintaining a small, closely functioning Board is an important requisite of the Company given its size.

	NUMBER OF BOARD MEMBERS	PERCENTAGE ON THE BOARD	NUMBER OF SENIOR POSITIONS ON THE BOARD
Men	2	50%	1
Women	2	50%	1
Not specified/prefer not to say	–	–	–

	NUMBER OF BOARD MEMBERS	PERCENTAGE ON THE BOARD	NUMBER OF SENIOR POSITIONS ON THE BOARD
White British or other White (including minority white groups)	4	100%	2
Mixed/Multiple ethnic groups	–	–	–
Asian/Asian British	–	–	–
Black/African/Caribbean/Black British	–	–	–
Other ethnic group, including Arab	–	–	–
Not specified/prefer not to say	–	–	–

The data in the above tables was collected through self-reporting by the Directors.

Each Board member is also a Director of the Company's subsidiary, AEW UK REIT 2015 Limited.

Hitchin, Bancroft

DIRECTOR INDUCTION AND TRAINING

All Directors receive an induction on joining the Board and other relevant training as necessary. As the business environment changes, it is important to ensure the Directors' skills and knowledge are refreshed and updated regularly. Accordingly, the Company Secretary ensures that updates on corporate governance, regulatory and technical matters are provided to Directors at Board meetings. In this way, Directors keep their skills and knowledge relevant to enable them to continue to fulfil their duties effectively. Each Director has access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

DIRECTORS' CONFLICTS OF INTEREST

Directors have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Company, unless that conflict is first authorised by the Board. This includes potential conflicts that may arise when a Director takes up a position with another company. The Company's Articles of Association allow the Board to authorise such potential conflicts, and there is a procedure in place to deal with any actual or potential conflict of interest. The Board deals with each appointment on its individual merit and takes into consideration all relevant circumstances. A register of conflicts is maintained by the Company Secretary and is reviewed at Board meetings to ensure that any authorised conflicts remain appropriate. The Directors are required to confirm at these meetings whether there has been any change to their position.

RE-ELECTION AND TENURE OF DIRECTORS

The Board recognises the value of regular refreshment of its composition and remains committed to ensuring that it has the right mix of skills and experience that are aligned with the evolution and strategic plans of the Company, while maintaining its independence of character and judgement.

In accordance with the requirements of the AIC Code, the Board has adopted a policy whereby all Directors stand for annual re-election and no Director will serve for a period of more than nine years, unless there are specific circumstances where it makes sense for a Board member to continue beyond nine years.

On the basis of the performance evaluation process, the Board considers that all Directors continue to be effective, committed to their roles and have sufficient time available to perform their duties. The Board therefore believes that it is in the best interests of shareholders that each of the Directors is re-elected at the forthcoming AGM.

SUCCESSION PLANNING

The composition of the Board and succession planning are kept under review by the Board and reviewed annually as part of the Board evaluation process in order to ensure an orderly refreshment of the Board. Succession planning will be important for the coming year and the next refresh will be ahead of Mrs Hart's retirement at the 2026 AGM.

CULTURE

The Directors are aware that establishing and maintaining a healthy and constructive culture amongst the Board and in its interaction with the Investment Manager, other service providers, shareholders and other stakeholders will support the delivery of the Company's purpose, values and investment strategy. The Board seeks to promote a culture of openness, transparency and integrity through ongoing dialogue and engagement with its stakeholders, principally the Investment Manager, as well as providing constructive challenge where required.

The Company has a number of policies and procedures in place to assist with maintaining a culture of good governance including those relating to diversity, Directors' conflicts of interest and Directors' dealings in the Company's shares. The Board assesses and monitors compliance with these policies as well as the general culture of the Board regularly through Board meetings and in particular during the annual evaluation process.

The Board seeks to appoint the best possible service providers and evaluates their services on a regular basis as described on page 74. The Board considers the culture of the Investment Manager and other service providers, including their policies, practices and behaviour, through regular reporting from these stakeholders and in particular during the annual review of the performance and continuing appointment of all service providers by the Management Engagement Committee.

INTERNAL CONTROL REVIEW

The Board is responsible for the systems of internal controls relating to the Company, including the reliability of the financial reporting process, and for reviewing the systems' effectiveness. The Directors have reviewed and considered the guidance supplied by the FRC on risk management, internal control and related finance and business reporting, and an ongoing process is in place for identifying, evaluating and managing the principal and emerging risks faced by the Company. This process, together with key procedures established with a view to providing effective financial control, was in place during the year under review and at the date of this report.

The internal control systems are designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which is issued for publication is reliable, and that the assets of the Company are safeguarded.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

The Directors have carried out a review of the effectiveness of the systems of internal control as they have operated over the period and up to the date of approval of the Annual Report and Financial Statements. There were no matters arising from this review that required further investigation, and no significant failings or weaknesses were identified.

Bristol, Union Street

Internal Control Assessment Process

Robust risk assessments and reviews of internal controls are undertaken regularly in the context of the Company's overall investment objective.

The following are the key internal controls which the Company has in place:

- a risk register has been maintained against which identified and emerging risks, as well as the controls in place to mitigate those risks, can be monitored. The risks of any failure of internal controls are identified in the risk matrix, which is regularly reviewed by the Board through the Audit and Risk Committee and the impact of such risks is also assessed. The principal and emerging risks and uncertainties identified from the risk matrix can be found in the Strategic Report on pages 36 to 43;
- a procedure to monitor the compliance status of the Company to ensure that it can continue to be approved as a REIT;
- the Investment Manager and the Administrator prepare forecasts and management accounts which allow the Board and the Audit and Risk Committee to assess performance and prospects; and
- the controls employed by the Investment Manager and other third-party service providers, as evidenced by their ISAE 3402 or equivalent reports, are periodically reviewed by the Audit and Risk Committee, and there are agreed and defined investment criteria, specified levels of authority and exposure limits in relation to investments, leverage and payments.

Over and above the ongoing process, as part of the year-end reporting process, the Board and the Audit and Risk Committee receive letters of comfort from the Investment Manager, Company Secretary, Administrator and Registrar regarding their internal controls, accompanied by their ISAE 3402, or equivalent reports, if available. Following the review of these submissions from service providers, the Board and the Audit and Risk Committee has determined that the effectiveness of the systems of internal control was satisfactory.

AGM

The Company's AGM will take place on 4 September 2025. The notice of this meeting and details of the resolutions to be put to the AGM are contained in the circular sent to shareholders with this report and are available on the Company's website.

Dewsbury, The Railway Centre

Report of the Audit and Risk Committee

Mark Kirkland
Chairman of the Audit and Risk Committee

I am pleased to present the Report of the Audit and Risk Committee for the year ended 31 March 2025.

The Audit Committee was renamed to the "Audit and Risk" Committee in January 2025 to reflect the Committee's role in overseeing the Company's internal controls and risk management systems. The Audit and Risk Committee (the "Committee") comprises all Directors of the Company. The Directors have reviewed Mr Archibald's ongoing membership of the Committee given that he is Chair of the Board. Mr Archibald was independent on his appointment as Chairman of the Board and provides a significant contribution to the Committee as a chartered accountant and experienced former audit chair on other investment companies, including a REIT; as such, the Directors believe it is important for him to continue to be a member of the Committee. The Committee as a whole has competence relevant to the sector in which the Company operates.

MEETINGS

The Committee met formally twice during the year and met once following the year-end. Details of the composition of the Committee are set out in the Corporate Governance Statement on page 55 along with details on how the Committee's evaluation process was conducted. There was also regular engagement throughout the year on individual matters as well as input to the quarterly net asset value announcements.

ROLE OF THE AUDIT AND RISK COMMITTEE

The Committee's terms of reference outlining its duties can be found on the Company's website. The Committee assists the Board in discharging its responsibilities concerning:

- financial reporting;
- going concern and viability;
- internal controls and risk management systems;
- principal risks and uncertainties;
- compliance, whistleblowing and fraud;
- external audit; and
- valuation.

This includes:

- monitoring the integrity of the financial statements of the Company, including its Annual and Half-Yearly Reports, and reviewing significant financial reporting issues and judgements which they contain;
- reviewing the content of the Annual Report and Financial Statements and advising the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, prospects, business model and strategy;
- keeping under review the adequacy and effectiveness of the Company's risk management systems, reviewing the principal and emerging risks facing the Company; and reviewing and approving the statements to be included in the Annual Report concerning internal controls and risk management;
- reviewing the scope and effectiveness of the audit process undertaken by the Auditor;
- conducting the tender process and making recommendations to the Board in relation to the appointment, re-appointment or removal of the Auditor and approving its remuneration and terms of engagement;
- reviewing and monitoring the Auditor's independence, objectivity and effectiveness; and
- reviewing any non-audit services to be provided by the Auditor and monitoring the level of fees payable in that respect.

MATTERS CONSIDERED DURING THE YEAR

The Committee receives reports from external advisers and from the Investment Manager, as required, to enable it to discharge its duties.

The main activities undertaken during the year, and to the date of this Annual Report, were that the Committee:

- reviewed the internal controls and risk management systems of the Company and its third-party service providers;
- kept under close review the risk environment to identify any significant emerging risks to be addressed;
- reviewed the reporting environment for the Company to help refresh Key Performance Indicators, Risk Factors and Alternative Performance Measures;
- agreed the plan and fees with the Auditor in respect of the review of the Half-Yearly Report for the six months ended 30 September 2024 and the statutory audit of the Annual Report for the year ended 31 March 2025, including the principal areas of focus;
- received and discussed with the Auditor its report on the results of the review of the Half-Yearly Report and the year-end audit;
- reviewed the Annual and Half-Yearly Reports and recommended these to the Board for approval;
- reviewed the performance and effectiveness of the Auditor and considered its fees;
- reviewed the non-audit services provided by the Auditor and the associated fees incurred; and
- reviewed Knight Frank's valuation of investment properties.
- With effect from 18 March 2025, CBRE was appointed independent property valuer to the Company for periods from 30 June 2025 onwards, in accordance with RICS valuer rotation best practice. The term of instruction for regulated purpose valuations will commence on 30 June 2025 and expire on 29 June 2030, encompassing quarterly valuations in respect of the properties during that period.

SIGNIFICANT ISSUES CONSIDERED BY THE AUDIT AND RISK COMMITTEE

Valuation of Investment Properties

The Committee determined that the key area of risk in relation to the financial statements of the Company was the valuation of the investment properties. The 33 properties in the portfolio as at 31 March 2025 were externally valued by qualified independent valuers, using the internationally accepted Royal Institution of Chartered Surveyors ('RICS') Valuation – Professional Standards, and whilst comparable market transactions provide valuation evidence, there are assumptions which involve significant levels of judgement. The Committee considered the quarterly and year-end valuations of the Company's portfolio, which were discussed with the Investment Manager and the Auditor during the audit of the financial statements.

Internal Controls

The Committee carefully considers the internal control systems by regularly monitoring the services and controls of its third-party service providers.

The Committee reviewed and, where appropriate, updated the risk matrix during the year to take account of principal and emerging risks. It received reports on internal control and compliance from the Investment Manager and the Company's other service providers, and no significant matters of concern were identified.

Internal Audit

The Company does not have an internal audit function. During the year, the Committee reviewed whether an internal audit function would be of value and concluded that this would provide minimal additional comfort at considerable extra cost to the Company. While the Committee believes that the existing system of monitoring and reporting by third parties remains appropriate and adequate, it will actively continue, on an annual basis, to consider possible areas within the Company's control environment which may need to be reviewed in detail.

Maintenance of REIT Status

The Committee monitored the compliance status of the Company and considered the requirements for the maintenance of REIT status, including all applicable tax legislation. This was the first full year where an external review of REIT obligations was provided by a separate accounting firm, Grant Thornton, throughout the financial year.

Going Concern and Long-term Viability of the Company

The Committee considered the Company's financial requirements for the next 12 months and concluded that it has sufficient resources to meet its commitments. Consequently, the financial statements have been prepared on a going-concern basis. The Committee also considered the longer-term viability statement covering five years, and the underlying factors and assumptions which contributed to the Committee deciding that this was an appropriate length of time to consider the Company's long-term viability. This included a specific examination of long-term debt arrangements in place, and those which might be in place in the future. The Company's going concern statement and the viability statement can be found on pages 72 and 73.

AUDIT FEES AND NON-AUDIT SERVICES

The Committee has sole responsibility for agreeing the audit fee in consultation with the Investment Manager, based on the scope of the audit. The total audit fees for the year ended 31 March 2025 can be found in note 5 to the Financial statements. During the year ended 31 March 2025, the Committee reviewed the policy on the engagement of the Auditor to supply non-audit services, taking into account the recommendations of the FRC. All non-audit services are reviewed by the Committee, which makes recommendations to the Board for the provision of each non-audit service and ensures that the statutory auditor is not engaged to perform work that is prohibited under UK law.

The Auditor is permitted to provide non-audit related services where the work involved is closely related to the work performed in the audit. These include:

- reviews of interim Financial information;
- reporting on internal Financial controls when required by law or regulation;
- reporting required by law or regulation to be provided by the Auditor; and
- prospectus/capital markets reporting.

The policy was reviewed and its application monitored by the Committee during the year, and it was agreed that the policy remained appropriate for the Company.

	YEAR ENDED 31 MARCH 2025	YEAR ENDED 31 MARCH 2024
Audit	**£237,000**	£190,000
Statutory audit of Annual Report and Financial Statements	**£197,700**	£190,000
Under accrual from prior year	**£39,300**	–
Non-audit	**£36,000**	£36,000
ISRE (UK) 2410 (interim review fee)	**£36,000**	£36,000
Total fees paid to BDO LLP	**£273,000**	**£226,000**
Percentage of total fees attributed to non-audit services	**13%**	**16%**

INDEPENDENCE AND OBJECTIVITY OF THE AUDITOR

It is the Committee's responsibility to monitor annually the performance, objectivity and independence of the Auditor. In evaluating BDO LLP's ('BDO') performance, the Committee examined five main criteria – robustness of the audit process, independence and objectivity, quality of delivery, quality of people and service, and value-added advice.

Having carried out the above review, the Committee was satisfied with the Auditor's performance and that the engagement of BDO to provide the non-audit services was appropriate, and did not compromise its objectivity and independence.

EXTERNAL AUDIT PROCESS

The Committee reviews the effectiveness of the external audit carried out by the Auditor on an annual basis. At least twice a year, the Committee meets with the Auditor, once at the planning stage before the audit and once after the audit at the reporting stage. The Auditor provides a planning report in advance of the annual audit, a report on the annual audit and a report on its review of the interim financial statements. The Committee has an opportunity to question and challenge the Auditor in respect of each of these reports.

During the year under review, BDO carried out the half-year review for the Company. The Chairman of the Committee maintains regular contact with the audit partner throughout the year. In addition, at least once a year, the Committee has an opportunity to discuss any aspect of the Auditor's work with the Auditor in the absence of the Investment Manager. After each audit, the Committee reviews the audit process and considers its effectiveness. The review of the 2025 audit concluded that the audit process worked well, and no significant issues were identified specifically in relation to the Company.

We consider that the audit team assigned to the Company by BDO has a good understanding of the Company's business, which enables it to produce a detailed, high-quality, in-depth audit and permits the team to scrutinise and challenge the Company's financial procedures and significant judgments. We asked the Auditor to explain the key audit risks and how these have been addressed. We also considered BDO's internal quality control procedures and transparency report and found them to be sufficient. Overall, the Committee is satisfied that the audit process is transparent and of good quality and that the Auditor has met the agreed audit plan.

Mark Kirkland
Chairman of the Audit and Risk Committee

26 June 2025

Directors' Remuneration Report

Katrina Hart
Chairman of the Nomination and Remuneration Committee

This report is prepared in accordance with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended, and in accordance with the UK Listing Rules of the FCA and the Companies Act 2006. An ordinary resolution for the approval of this report will be put to shareholders at the forthcoming Annual General Meeting ("AGM").

The Company's Remuneration Policy was last put to shareholders and approved by ordinary resolution at the AGM held on 14 September 2023 under Section 439 of the Companies Act 2006. The Remuneration Policy will be put to a binding shareholder vote at the 2026 AGM and, if approved, will continue in force until the 2029 AGM. There have been no changes to the content of the Remuneration Policy since the previous approved version.

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in their report on pages 92 to 100.

STATEMENT FROM THE CHAIRMAN OF THE NOMINATION AND REMUNERATION COMMITTEE

I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2025, which has been prepared by the Nomination and Remuneration Committee. This Committee was established in January 2025 and has since met once on 21 January 2025. It consists entirely of non-executive Directors and is responsible for board appraisal, succession planning and determining and agreeing the remuneration policy for the Directors of the Company and the Chairman of the Board to ensure that the policy supports strategic aims and promotes the long-term sustainable success of the Company.

During the year under review, the Committee:

- Assessed the size, composition and structure of the Board, the time commitment required of the Directors and the leadership needs of the Company;
- Deliberated on the re-election of Directors at the AGM;
- Evaluated board performance and planning;
- Examined remuneration trends across its peer group;
- Reviewed the Directors' expenses policy; and
- Considered the Directors' fees, how they might be structured and amended in line with reasonable expectations of roles and responsibilities.

The Committee also noted the FCA's rules on diversity and inclusion on company boards included in Listing Rule 6.6.6 (9-11), which are as follows:

- At least 40% of individuals on the Board to be women;
- At least one senior Board position to be held by a woman; and
- At least one individual on the Board to be from a minority ethnic background.

The Board has complied with two out of the three recommendations and will look to address the third as part of ongoing succession planning.

The Committee believes that the current Board possesses the necessary skills and experience to meet the needs of the Company, while retaining a relatively small and cohesive structure. Any succession planning will consider diversity, additional skills and the preservation of the collective competence and chemistry of the Board. No changes to the Board are anticipated during 2025.

It had been anticipated that I would need to retire at the time of the 2025 AGM due to my promotion to the role of Chair on another listed investment company board. However, due to a reduction in my commitments elsewhere since then, this is no longer necessary. It is therefore anticipated that I will retire at the end of my nine-year tenure in 2026, as originally envisaged.

The Committee is satisfied that all Directors remain independent, demonstrate commitment and skill in their roles, are not overboarded through other activities and that there is the correct balance of skill and experience to acquit the responsibilities of the Board.

During the year, the Committee conducted a thorough review of the Directors' fees in accordance with the Remuneration Policy and the circumstances of the Company. This review considered the Company's performance, the demands placed on the Directors' skills and time, and the fees paid to non-executive Directors in the Company's peer group. The review also took account of the size and cost of the Board relative to peers. Following consultations with Panmure Liberum (the Company's broker) and MUFG Corporate Governance Limited (the Company Secretary), it was agreed that, effective 1 April 2025, fees would be adjusted as follows:

- The base remuneration for all non-executive Directors would be increased from £30,000 to £32,000.
- An additional £16,000 would be added to the base remuneration for the Chairman of the Board, recognising the additional commitment required.
- An additional £7,500 would be added to the base remuneration for the Chairman of the Audit and Risk Committee.
- An additional £2,000 would be added to the base remuneration for those Directors taking on the role of the Chairman of the Nomination and Remuneration Committee, the Chairman of the Management Engagement Committee and the role of the Senior Independent Director. Mr Archibald agreed to take on the role of the Chair of the Management Engagement Committee, but would relinquish it if succession planning permitted.

Chairman of the Board	£38,000 to £50,000	Applying to Robin Archibald (Chairman of the Board and Management Engagement Committee)
Chairman of the Audit and Risk Committee	£32,500 to £40,000	Applying to Mark Kirkland (Chairman of the Audit and Risk Committee)
Non-executive Director	£30,000 to £34,000	Applying to Katrina Hart (Chairman of the Nomination and Remuneration Committee) and Liz Peace (Senior Independent Director)

With effect from 1 April 2025, the total aggregate fees for the Board increased from £136,500 to £158,000, and the Board is satisfied that these changes comply with the Directors' Remuneration Policy and are appropriate to the increasing time commitment and expertise required to fulfil the role effectively. The Board's review of remuneration across the Company's peer group highlighted that its own compensation had fallen materially out of kilter. It was deemed necessary to address this divergence in view of the need to attract suitable talent at the time of the next Board refreshment.

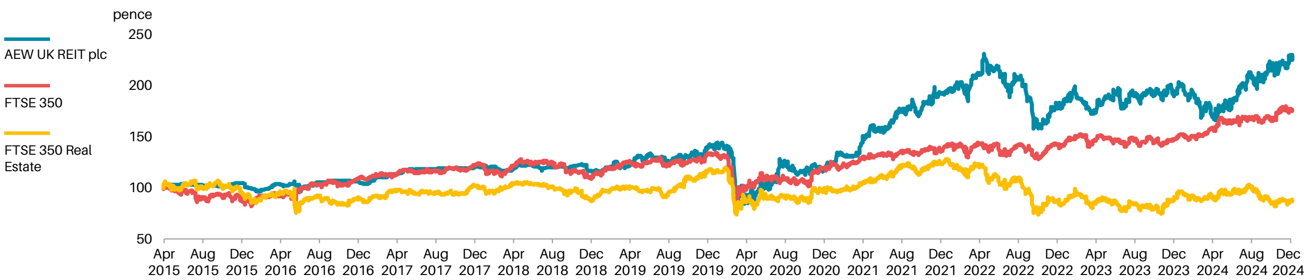
The Company's Articles of Association permit the provision of pensions or similar benefits for Directors. However, no pension schemes or similar arrangements have been established, and no Director is entitled to any pension or similar benefits. Directors are not entitled to compensation for loss of office, nor are they entitled to any other monetary payment or assets of the Company. Accordingly, the Single Total Figure table on page 68 does not include columns for these items or their monetary equivalents.

An ordinary resolution to approve the Directors' Remuneration Report will be put to shareholders at the forthcoming AGM in 2025. No significant changes are proposed to the implementation of the current Directors' Remuneration Policy, approved by shareholders in 2023, during the next financial year.

PERFORMANCE OF THE COMPANY

The chart below compares the share price total return to shareholders (assuming all dividends are reinvested) with the total return on the FTSE 350 and FTSE 350 Real Estate indices since the inception of the Company. These indices have been chosen as they are considered to be an appropriate benchmark against which to assess the relative performance of the Company.

Cumulative Share Price Total Return



Source: Bloomberg

VOTING AT AGM

The Directors' remuneration report for the year ended 31 March 2024 and the Directors' remuneration policy were approved by shareholders at the AGM held on 4 September 2024 and 14 September 2023 respectively. The results taken on a poll were as follows:

REMUNERATION REPORT 2024	NUMBER OF VOTES CAST	PERCENTAGE OF VOTES CAST
For	41,540,759	99.17
Against	346,954	0.83
Total votes cast	41,887,713	–
Number of votes withheld	80,941	–
REMUNERATION POLICY 2023		
For	28,871,860	99.02
Against	286,268	0.98
Total votes cast	29,158,128	–
Number of votes withheld	114,384	–

DIRECTORS' REMUNERATION FOR THE YEAR ENDED 31 MARCH 2025 (AUDITED)

	FEES		TOTAL		
NAME OF DIRECTOR	2025	2024	2025	2024	% CHANGE IN DIRECTORS' FEES
Robin Archibald*	**£34,508**	£15,000	**£34,508**	£15,000	N/A
Mark Kirkland	**£35,000**	£32,500	**£35,000**	£32,500	7.69
Katrina Hart	**£30,000**	£30,000	**£30,000**	£30,000	–
Liz Peace*	**£30,000**	£15,000	**£30,000**	£15,000	N/A
Mark Burton**	**£16,126**	£38,000	**£16,126**	£38,000	N/A
Bim Sandhu***	–	£17,500	–	£17,500	N/A
	£145,634	£148,000	**£145,634**	£148,000	

* appointed on 1 October 2023.
** retired on 4 September 2024.
*** retired on 30 September 2023.
Robin Archibald, who operates between Edinburgh and London, incurred travel expenses which were reimbursed of £725. Liz Peace incurred travel expenses which were reimbursed of £93. Total expenses claimed £818 (2024: none).

There are no additional fees to disclose since the Company has no employees or executive directors. The figures detailed in the Directors' Remuneration Report pertain solely to Director remuneration, with no variable elements payable to the Directors.

The Company is committed to ongoing dialogue with shareholders. Any views expressed by shareholders regarding the fees paid to Directors will be taken into consideration by the Board when reviewing the Directors' remuneration policy and during the annual review of Directors' remuneration.

ANNUAL PERCENTAGE CHANGE IN DIRECTORS' REMUNERATION

The following table sets out the annual percentage change in Directors' Fees for the previous four years to 31 March 2025.

DIRECTOR	YEAR ENDED 31 MARCH 2025	YEAR ENDED 31 MARCH 2024	YEAR ENDED 31 MARCH 2023	YEAR ENDED 31 MARCH 2022	% CHANGE IN TOTAL REMUNERATION BETWEEN 2024 AND 2025	% CHANGE IN TOTAL REMUNERATION BETWEEN 2023 AND 2024	% CHANGE IN TOTAL REMUNERATION BETWEEN 2022 AND 2023
Robin Archibald*	**£34,508**	£15,000	N/A	N/A	**N/A**	N/A	N/A
Mark Kirkland	**£35,000**	£32,500	£10,894	N/A	**7.69**	N/A	–
Katrina Hart	**£30,000**	£30,000	£27,500	£27,500	-	9.09	–
Liz Peace*	**£30,000**	£15,000	N/A	N/A	**N/A**	N/A	N/A
Mark Burton**	**£16,126**	£38,000	£35,000	£35,000	**N/A**	8.57	–
Bim Sandhu***	-	£17,500	£32,500	£32,500	-	N/A	–

* appointed on 1 October 2023.
** retired on 4 September 2024.
*** retired on 30 September 2023.

RELATIVE IMPORTANCE OF SPEND ON PAY

The table below sets out, in respect of the year ended 31 March 2025:

a. the remuneration paid to the Directors;

b. the management fee and expenses, which have been included to give shareholders a greater understanding of the relative importance of spend on pay; and

c. distributions to shareholders by way of dividends.

	YEAR ENDED 31 MARCH 2025	YEAR ENDED 31 MARCH 2024	CHANGE
Directors' fees	**£145,634**	£148,000	(£2,366)
Management fee and expenses	**£1,379,245**	£1,391,335	(£12,090)
Dividends paid	**£12,673,980**	£12,673,980	–

Note: the items listed in the table above are as required by the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 s.20, except for the management fee and expenses, which has been included because the Directors believe that they will help shareholders' understanding of the relative importance of the spend on pay. The figures for these measures are the same as those shown in note 5 to the financial statements.

STATEMENT OF DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS (AUDITED)

Neither the Company's Articles of Association nor the Directors' Letters of Appointment require a Director to own shares in the Company. The interests of the Directors and their persons closely associated in the equity of the Company as of 31 March 2025 are shown in the table below:

	NUMBER OF ORDINARY SHARES		% OF TOTAL VOTING RIGHTS	
DIRECTOR	2025	2024	2025	2024
Robin Archibald	**22,329**	–	**0.014**	–
Katrina Hart	**19,145**	19,145	**0.012**	0.012
Liz Peace	**15,666**	–	**0.009**	–
Mark Kirkland	**-**	–	**-**	–

The Company has not been informed of any changes to the above interests between 31 March 2025 and the date of this report.

Approval

The Directors' Remuneration Report has been approved by the Board of Directors and signed on its behalf by:

Katrina Hart
Chairman of the Nomination and Remuneration Committee

26 June 2025

Bromley, Next

Directors' Report

The Directors' Report, prepared in accordance with the requirements of the Companies Act 2006 and the FCA's Listing Rules and Disclosure Guidance and Transparency Rules, comprises pages 71 to 90 and incorporates the Corporate Governance Statement on pages 53 to 60.

DIVIDENDS

The Company pays dividends every quarter.

The interim dividends paid by the Company are set out in note 11 of the financial statements. No final dividend is being proposed.

DIRECTORS

The Directors of the Company are listed on pages 51 and 52. All served throughout the year under review.

POWER OF DIRECTORS

The Directors' powers are determined by UK legislation and the Company's Articles of Association. The Articles of Association may be amended by a special resolution of the members. The Directors may exercise all of the Company's powers, provided that the Articles of Association or applicable legislation do not stipulate that any such powers must be exercised by the members.

INDEMNITY PROVISIONS

Save for such indemnity provisions in the Company's Articles of Association, there are no qualifying third-party indemnity provisions in force. The Board has agreed to a procedure by which Directors may seek independent professional advice, if necessary, and at the Company's expense. The Company has also arranged for appropriate provision of Directors' and Officers' Liability Insurance.

GOING CONCERN

The Directors assessed the Company's ability to continue as a going concern, which takes into consideration current economic uncertainty, as well as the Company's cashflows, financial position, liquidity and borrowing facilities.

As at 31 March 2025, the Company had £25.99 million of unrestricted cash at bank. The Company's loan is held with AgFe and is a £60.00 million facility with a five-year term. This is priced as a fixed rate loan with a total interest cost of 2.959% and associated 10% projected debt yield and 60% loan to value ("LTV") covenants. The Company reported an LTV of 33.87% at year-end. This provides room for a £71.88 million fall in portfolio valuation before breaching the 60% hard LTV covenant. Moreover, based on the £60.00 million of debt drawn as at year-end, the Company had a projected debt yield of 25.11%, comfortably in excess of the 10% covenant.

The Company benefits from a secure, diversified income stream from a tenancy profile which is not overly reliant on any one tenant or sector, which reduces risk. The Directors also noted that:

- The Company's rent collection has been strong, with 98% of contracted rent either having been collected, or payment plans agreed, for the March 2025 quarter.
- Based on the contracted rent as at 31 March 2025, a reduction of 60.18% in net rental income could be accommodated before breaching the debt yield covenant in the Company's re-financed debt arrangements.
- Based on the property valuation at 31 March 2025, the Company had room for a £71.88 million fall in portfolio valuation before breaching the maximum LTV hard covenant in the Company's re-financed debt arrangements.
- The Company's cash flow can also be significantly managed through the adjustment of dividend payments, to the extent that this does not breach the REIT regime requirements for distributions.

Taking this into consideration, the Directors have reviewed a number of scenarios over 12 months from the date of approval of these financial statements, including a worst-case plausible downside scenario which makes the following assumptions:

- a reduction in net rental income of 30%;
- no new lettings or renewals, other than those where terms have already been agreed;
- a 20% fall in property valuations; and
- no new acquisitions or disposals.

In the above scenario, the Company is forecast to generate a positive cash flow before dividend payments, however it would generate a cash flow much lower than its target dividend of 8 pps per annum. Moreover, the Company is forecast to pass the debt yield covenant during the 12-month period with a minimum projected yield of 18%, compared with the limit of 10%, assuming that no repayments of the facility were to be made.

Given the Company's substantial headroom against its borrowing covenants, the Directors believe that the Company is well placed to manage its financing and business risks. The Directors are confident that the Company will have sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore the financial statements have been prepared on a going concern basis.

Shrewsbury, Arrowpoint Retail Park

VIABILITY STATEMENT

The Directors have assessed the prospects of the Company over a period longer than the 12 months required by the 'Going Concern' provisions. The Board has considered the nature of the Company's assets, liabilities and associated cash flows, and has determined that five years up to 31 March 2030 is the maximum timescale over which the performance of the Company can be forecast with a material degree of accuracy and so is an appropriate period over which to assess the Company's viability. Considerations in support of the assessment of the Company's viability over a five-year period include:

- the Company's property portfolio has a WAULT of 5.73 years to expiry, representing a secure income stream for the period under consideration;
- the Company benefits from a portfolio which is diversified in terms of sector and location, mitigating the risk of tenant default during the period; and
- most leases contain a five-year rent review pattern and therefore an assessment over five years allows the Directors to assess the impact of the portfolio's reversion arising from rent reviews.

In assessing the Company's viability, the Board has carried out a thorough review of the Company's business model, including future performance, refinancing, REIT compliance, liquidity, dividend cover and banking covenant tests over a five-year period. The business model is subject to annual sensitivity analysis, which involves flexing a number of key assumptions underlying the forecasts both individually and in aggregate for normal and stressed conditions. The five-year review also considers whether financing facilities will be renewed as required.

The following scenarios were tested, both individually and combined, in an effort to represent a severe but plausible scenario:

- a reduction in net rental income of 30%;
- a 20% fall in portfolio valuation; and
- increased periods of vacancy.

Based on the result of this analysis, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year period of their assessment.

SUBSIDIARY COMPANY

Details of the Company's dormant subsidiary, AEW UK REIT 2015 Limited, can be found in note 19 to the financial statements.

Baslidon, 1 Bentalls, Pipps Hill Industrial Estate

MANAGEMENT ARRANGEMENTS

AEW UK Investment Management LLP is the Company's Investment Manager and has been appointed as the AIFM. Under the terms of the Investment Management Agreement, the Investment Manager is responsible for the day-to-day discretionary management of the Company's investments subject to the investment objective and policy of the Company and the overall supervision of the Directors. The Investment Manager is entitled to receive a quarterly management fee in respect of its services, calculated at the rate of one-quarter of 0.9% of the prevailing NAV (excluding uninvested proceeds from fundraisings). There is no performance fee. Any investment by the Company into the Core Fund is not subject to management fees or performance fees otherwise charged to investors in the Core Fund by the Investment Manager. The Investment Management Agreement may be terminated by the Company or the Investment Manager, giving 12 months' written notice.

CONTINUING APPOINTMENT OF THE INVESTMENT MANAGER

The Board has reviewed the appropriateness of the continuing appointment of the Investment Manager, ensuring the terms and conditions of the Investment Management Agreement align with the investment policy and investment objective of the Company. It is satisfied that the terms of the Investment Management Agreement remain fair and competitive, and in the best interests of shareholders.

In the opinion of the Directors, the continuing appointment of the Investment Manager is in the interests of shareholders as a whole. The Investment Manager has and continues to manage the Company's portfolio and continues to apply the Company's investment policy and investment level.

REVIEW OF SERVICE PROVIDERS

The Management Engagement Committee and the Board reviews the ongoing performance and the continuing appointment of all service providers of the Company on an annual basis. Any variation required to the terms of all service providers' agreements is also considered.

A review of all service providers was undertaken during the year by the Management Engagement Committee, which concluded that the services provided to the Company were satisfactory and that their continued appointments were in the best interests of the shareholders.

FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies can be found in note 22 to the financial statements.

SOCIAL, COMMUNITY AND EMPLOYEE RESPONSIBILITY

The Company is an externally managed REIT and has no direct employees. The management of the portfolio has been delegated to the Investment Manager who provides the employees that support the Company. All other functions of the Company have also been outsourced and as the Company has no employees, there is no further reporting in respect of these provisions.

The Investment Manager is an equal opportunities employer who respects and seeks to empower each individual and the diverse cultures, perspective, skills and experiences within its workforce. For further information on the Investment Manager's principles in relation to people including diversity, gender pay, employee satisfaction surveys, wellbeing and retention, please refer to the ESG link within the Corporate Responsibility area at www.aewukreit.com.

The Company is not required to produce a statement on slavery and human trafficking pursuant to the Modern Slavery Act 2015 as it does not satisfy all the relevant triggers under that Act that require such a statement. The Company does, however, closely monitor the policies of its suppliers to ensure that proper provisions are in place.

AEW UK Investment Management LLP, the Investment Manager to the Company, is part of the Natixis Group, whose statement on Slavery and Human Trafficking has been published in accordance with the Modern Slavery Act 2015.

https://natixis.groupebpce.com/wp-content/uploads/2022/11/Modern-Slavery-Act-statement-2024.pdf

HOW WE ENGAGE WITH STAKEHOLDERS

Investors

The Investment Manager maintains an open dialogue with shareholders and analysts. All feedback is provided to the Board on a regular basis.

The Company provides investors with regular updates on its business activity and financial performance. Quarterly factsheets are available, along with Annual/Half Year accounts and London Stock Exchange RNS announcements, on the Company's website www.aewukreit.com.

Shareholders are encouraged to contact the Investment Manager to raise any matters of concern and to attend the AGM, where possible, to meet and discuss the Company's operations with the Board.

The Chairman is available to meet with shareholders to understand their views on governance and the Company's performance, where they wish to do so. With assistance from the Investment Manager, during the year, the Chairman sought meetings with shareholders who wished to meet with him.

Tenants

The Investment Manager, more specifically the Asset Management team, maintains an ongoing dialogue with tenants either directly or through its appointed property manager. The property manager issues an annual satisfaction survey to all tenants, which provides qualitative feedback on their relationship with the property manager and Investment Manager.

Shareholder engagement and investor meetings

During the year, the Company held 18 meetings with approximately 23 potential and existing shareholders. The meetings engagements were attended by the Investment Manager and Capital Access Group. Quarterly, the Company also engaged with its retail investors through virtual presentations held on the Investor Meet Company platform.

2025 AGM

The Company's AGM will take place on 4 September 2025. The notice of this meeting and details of the resolutions to be put to the AGM are contained in the circular sent to shareholders with this report and are available on the Company's website. The voting results of the AGM will be published on the Company's website www.aewukreit.com.

MIFID II

As an externally managed REIT with a listing as a closed-ended investment fund under Chapter 11 of the FCA's Listing Rules, the PRIIPS (Packaged Retail and Insurance-based Investment Products) regulation applies to the Company. The Company is required to publish a Key Information Document ('KID') that is updated on a semi-annual basis on the Company's website www.aewukreit.com.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

The Investment Manager is committed to creating long-term value for shareholders and adhere to a Socially Responsible Investment ('SRI') Policy that can be found on AEW's corporate website www.aew.com/socially-responsible-investment.

Over the coming years, we believe that both occupiers and investors will increasingly focus on how ESG issues are managed. In turn, this is expected to impact building obsolescence, lettability, rates of lease renewals and ultimately the rental and capital values for individual assets. In recognition of this, the Board believes in open disclosure of ESG performance, including through participation in the annual Global Real Estate Sustainability Benchmark ('GRESB') survey.

GRESB is the dominant global standard for assessing ESG performance for real estate funds and companies. GRESB requires the Company to report against a wide array of ESG matters and highlights areas for improvement and opportunities for growth.

The Company uses the annual outcome from GRESB as a benchmark to assess its own sustainability performance. The Company was awarded two stars from GRESB for 2024, improving its score from 67 to 68 (peer group average 69).

A large portion of the GRESB score relates to data coverage. Due to the high percentage of single-let assets with tenant procured utilities, the Company does not score as well as funds with a larger holding of managed multi-let assets.

Within GRESB, the Company is benchmarked against two dimensions:

1. Management

relating to strategy and leadership management, policies, risk management and stakeholder engagement completed at an entity level. The Company achieved a score of 29 out of 30. This section is dependent on fund level policies and initiatives which are directly applicable to the Company (e.g. Environmental, Governance and Employee Policies).

2. Performance

relating to the measurement of the fund's asset portfolio performance. The Company achieved a score of 39 out of 70. This score is representative of the fund composition as the Performance dimension is heavily influenced by the level of control landlords have across issues such as energy management, service charge budgets and access to environmental data.

The Investment Manager is in the process of submitting the Company's GRESB assessment for the year from 1 April 2024 to 31 March 2025 and expects to receive the results of the assessment in September 2025.

The Company is committed to improving its transparency of ESG performance and has adopted the European Public Real Estate Association ('EPRA') Best Practice recommendations on Sustainability Reporting 2017.

The progress that the Company has made on ESG issues during the period has been recognised externally, most notably by being awarded the EPRA Sustainability Best Practice Recommendations Silver Award and receiving its Most Improved Award for 2020. This was awarded in addition to the EPRA Gold Medal for Financial Reporting received in the year.

Further information on the Company's engagement with stakeholders can be found on pages 46 to 47 and the full ESG disclosures for the Company, including Streamlined Energy and Carbon Reporting disclosures, can be found in the EPRA Sustainability Performance Measures on pages 140 to 152.

Our fiduciary duty to shareholders will always come first in all investment decision-making. The Investment Manager offers clients long-term value-based real estate investment solutions. This is delivered via stock selection and asset management of UK commercial real estate. It is the Investment Manager's belief that this financial objective can be achieved simultaneously with a constructive engagement with environmental and social concerns.

The Board believes environmentally responsible fund management means being active, on the ground every day. As such, the Company operates an Environmental Management Systems ('EMS') which is designed to be aligned with ISO4001, to integrate sustainability objectives into the overall business strategy. Our property managers, MAPP, also apply their own internal EMS to all managed assets across the portfolio. All members of the Investment Manager's team have a sustainability objective within their annual performance objectives.

Greenhouse Gas Emissions

Refer to the EPRA Sustainability Performance Measures on pages 140 to 152 for Greenhouse Gas Emissions disclosures.

Taskforce on Climate-Related Financial Disclosures

The Board and the Investment Manager recognise the importance of understanding the risks and opportunities presented by climate change, including the potential impact on its business and the value of investments under its management. The following disclosures are intended to provide decision-useful information in a manner consistent with the TCFD. Accordingly, the disclosures are organised thematically, addressing Governance, Strategy, Risk Management, Metrics and Targets. In future reporting periods the Board and the Investment Manager will seek to incorporate TCFD sector-specific guidance.

This is the Company's third year of voluntary reporting against the TCFD framework; we remain committed to further improvements, in terms of both the quality of disclosures and degree of alignment with the TCFD recommendations. In future reporting periods the Board and the Investment Manager expect that the Company's TCFD framework will demonstrate continual refinement of climate-related assessments, as well as integrating more sophisticated and comprehensive risk management practices in day-to-day operations.

Barnstaple, Barnstaple Retail Park

1. GOVERNANCE

Board oversight of climate-related risks and opportunities

The Board is ultimately responsible to stakeholders for the Company's activities and for oversight of climate-related risks and opportunities. The Board receives quarterly updates from the Investment Manager regarding climate-related issues, activities and initiatives, and progress reports against climate related goals and targets.

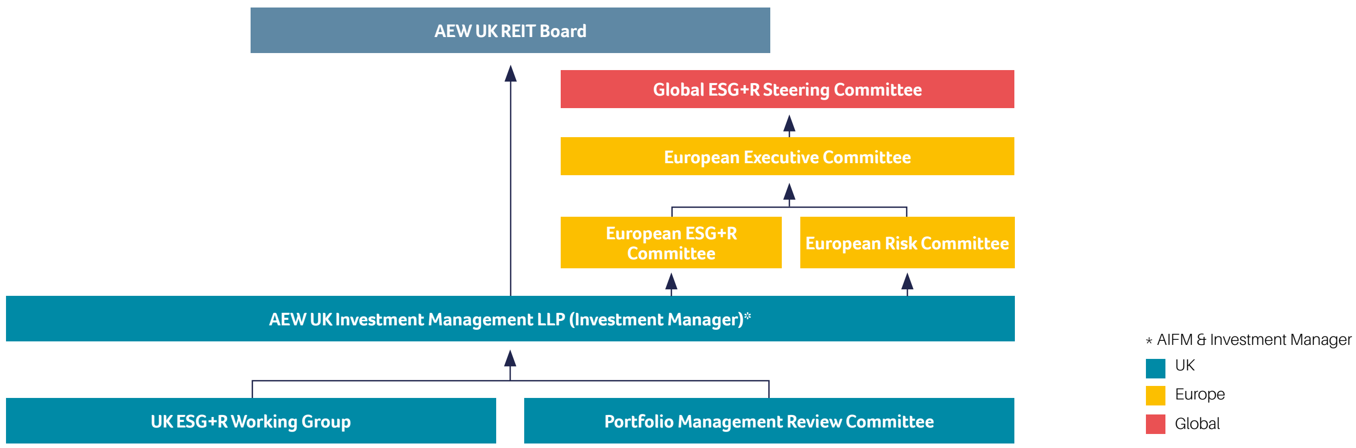
As part of the Audit and Risk Committee's review of ongoing performance and continuing appointment of key service providers, consideration is given to key service providers' ESG credentials and expertise. The Audit and Risk Committee remains responsible for reviewing and approving the content of the Company's TCFD disclosure. Following Mark Kirkland's appointment as non-Executive Director on 9 November 2022, the Board nominated him as the Board's "ESG Champion". The ESG Champion will regularly meet with the Investment Manager to discuss ESG issues including climate-related risks and opportunities facing the Company and will report back to the wider Board as necessary.

The knowledge of the Board on ESG-related matters continues to be enhanced through interaction with the Investment Manager and training. In January 2023, the Board undertook further TCFD training provided by the Investment Manager and AEW's Head of Sustainable Responsible Investment in Europe to support their understanding of climate change, climate resilience assessment and other ESG risks and opportunities.

THE INVESTMENT MANAGER'S ROLE IN ASSESSING AND MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES

AEW Global Governance:

AEW's approach to Environmental, Social, Governance and Resilience issues ("ESG+R"), which includes climate-related risks and opportunities, is integrated into its broader governance practices. AEW's governance relies on a committee structure where responsibility for oversight of AEW's operations has been delegated to senior management teams that meet on a regular and formalised basis. The organisation chart below illustrates how the AEW group integrates climate-related considerations at a UK, European and global level. managing climate-related risks and opportunities for AEW, both at the enterprise level and within investment activities.



The Global ESG+R Steering Committee and its subcommittee structure play a central role in assessing and managing climate-related risks and opportunities for AEW, both at the enterprise level and within investment activities.

European Governance:

AEW's European Executive Committee ("ExCom") is ultimately responsible for climate-related risks at the European level and delegates to a number of sub-committees including:

- **European ESG+R Committee ("ESG+R Com")** - responsible for delivering the sustainability strategy in Europe, the coherence of policies relating to climate risks and the implementation climate risk policy. ESG+R Com meets every two months.
- **European Risk Committee ("ERC")** - the principal European-wide risk management forum, where all sustainability risks can be considered according to an established framework. ERC meets quarterly.

UK Governance (Investment Manager Board's oversight of climate-related risks and opportunities)

The Investment Manager's Board is responsible for assessing climate-related risks and opportunities for the Investment Manager and its fund mandates. The Investment Manager Board includes senior level executives as well as two independent non-executive directors.

At each meeting the Investment Manager's Board receives updates on the firm's activities, initiatives and progress against climate- related goals from sub-committees and working groups including:

- **Portfolio Management Review Committee ("PMRC")** - this is the principal UK-focused risk management forum, where all sustainability risks can be considered according to an established framework, and climate-related issues and risks are reviewed.
- **UK ESG+R Working Group ("WG")** - which oversees ESG+R projects and management of climate-related risks and opportunities in the UK, to ensure risk management objectives are met and aligned with the overall risk management framework.

The Investment Manager's Board undertakes regular training on ESG-related matters including TCFD and climate resilience assessment to support their understanding of climate change and other ESG risks and opportunities.

The Investment Manager's approach to the governance and management of environmental impacts is outlined within its Climate Adaptation Policy.

The Investment Manager is responsible for monitoring trends and developments in climate related issues. The Investment Manager reports quarterly to the Company's Board on ESG matters.

2. STRATEGY

Strategy - disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material

The Investment Manager anticipates that investors and valuers will increasingly factor climate-related risks into market pricing if transition and physical risks are not appropriately managed. We will therefore increasingly assess climate-related impacts on liquidity and market pricing as a consequence of environmental obsolescence and depreciation. The Investment Manager assesses climate- related risks and opportunities against short-term (3 years or less), medium-term (3 to 7 years) and long-term (over 7 years) time horizons to align with the proposed changes to Minimum Energy Efficiency Standards (MEES).

In accordance with TCFD, the Investment Manager identifies the two principal categories of risks associated with climate change as:

- **Transition Risk** - associated with the transition to a low carbon economy e.g. policy, legal, technological and market changes to address mitigation and adaptation requirements.
- **Physical Risk** - this includes acute (event-driven e.g. more severe floods) and chronic (longer-term shifts such as sustained higher temperatures causing chronic heatwaves) risks.

Climate-related risks and opportunities the organisation has identified over the short, medium and long term:

RISKS	SPECIFIC RISK	POTENTIAL FINANCIAL IMPACT	STRATEGY	TIME HORIZON
Policy and Legal - EPC Compliance	The Minimum Energy Efficiency Standards Regulations ("MEES") proposed changes to mandate increasing the minimum Energy Performance Certificate ("EPC") rating to 'E' by 2023, 'C' by 2028 and to 'B' by 2030. MEES would prevent the Company from leasing non-compliant space, potentially resulting in an asset becoming 'stranded' or requiring significant capital expenditure.	Loss of revenue for unlettable space or lower rental income. Impact on valuation. Increase in capital expenditure to meet minimum requirements. Non-compliance fines are potentially significant.	Risk monitoring of EPC ratings across the portfolio, contributing to the development of Asset Sustainability Action Plans ("ASAPs") quantifying capital expenditure requirements or the existence of relevant MEES exemptions.	Short to medium term risk
Policy and Legal - Carbon Pricing	Costs could increase as carbon pricing is factored into construction and operating costs (from embodied carbon and costs of carbon intensive energy for occupiers).	Direct costs associated with emissions pricing. Increased capex costs during construction and refurbishment.	Develop calculation of carbon footprint for the portfolio and implement action plan to reduce GHG emissions.	Medium to long term
Market - Occupier	Occupiers may vacate assets that are unable to meet their energy efficiency or greenhouse gas ("GHG") emission tolerance.	Increased void costs. Increased capital expenditure. Impact on valuation.	Occupier engagement to ascertain occupier's commitment to transition to low carbon economy and net zero targets. EPC management, asset sustainability action plans (ASAPs) to improve resilience and energy efficiency of assets.	Medium term
Market - Energy costs	High energy and utility consumption may increase exposure to energy price fluctuations exacerbated by climate change.	Potential impact on service charge affordability for tenants.	Occupier engagement particularly for assets with energy-intensive use. Engage regularly with occupiers to identify low carbon solutions which may reduce energy consumption, costs and improve energy performance. Pilot on-site renewable energy generation and storage project with selected tenants.	Short to medium term

RISKS	SPECIFIC RISK	POTENTIAL FINANCIAL IMPACT	STRATEGY	TIME HORIZON
Market - Investors	Investors and valuers may price less energy efficient assets more conservatively to reflect the potential cost and risks. Existing and prospective Company investors may attach onerous conditions on the Investment Manager and Company to meet their own standards, regulations and requirements.	Impact on valuation. Impact on the Company's ability to raise new or retain existing capital.	Continual review of asset business plans with consideration to lease expiry, EPC ratings and opportunity to implement energy efficiency solutions. AEW will assess the additional costs and benefits of climate-related initiatives with respect to liquidity and pricing. Focus on investor engagement, develop improved communication and presentation of ESG strategy. In 2025/26 the Company will assess further the pathway to net zero and will report this to investors in future reporting periods.	Medium term
Technology - Lower emissions	UK Government requirement to transition to lower GHG emissions technology (e.g. from natural gas boilers to low-carbon heating technologies such as air and ground source heat pumps).	Potential material capital expenditure to meet requirements.	AEW will continue to assess the additional costs of climate-related issues compared to any assessment of reduced liquidity and market pricing due to environmental obsolescence and depreciation. EPC management and asset sustainability action plans to improve resilience and energy efficiency over time.	Medium term
Reputational - Occupiers and Investors	Fall in demand from tenants for properties with inefficient building performance or concern over the Company's reputation with regard to climate risks. Increased stakeholder concern and poor investor relations.	Potential risk of stranded assets, leading to reduced valuation. Impact on the Company's ability to raise new or retain existing capital.	Focus on key stakeholder engagement, develop improved communication and presentation of ESG strategy (and the effective delivery of it).	Medium term
Acute (floods, windstorms, cold weather, heatwaves)	Increased frequency and intensity of extreme weather events leading to property damage, increased maintenance and repair costs. Requirement for protection measures, e.g. flood protection and drainage measures.	Cost of maintaining and repairing assets. Increased insurance costs. Impact on valuation and potential inability to sell or lease property.	Undertake asset-level climate resilience audits and develop pre-investment due diligence process to identify vulnerable investments.	Short to medium term

RISKS	SPECIFIC RISK	POTENTIAL FINANCIAL IMPACT	STRATEGY	TIME HORIZON
Chronic (**sustained higher or lower temperatures**)	Rising temperatures leading to increased utility costs and investment in cooling equipment and solutions. Reduced thermal comfort of occupiers resulting in lack of demand from potential occupiers.	Potential impact on service charge affordability for tenants. Cost of installing cooling and heating equipment and solutions. Loss of revenue for unlettable space or lower rental income. Impact on valuation.	Incorporate climate change scenarios within investment framework that are suitable for real estate investment strategies.	Medium to long term
Chronic (**rising sea levels and water stress**)	Risk of sustained flooding and requirement for protection measures – e.g. flood mitigation and drainage projects. Risk asset becomes stranded.	Cost of installing, maintaining and repairing assets. Increased insurance costs or asset becoming uninsurable. Loss of revenue for unlettable space or lower rental income. Impact on valuation.	Incorporate climate change scenarios within investment framework that are suitable for real estate investment strategies.	Medium to long term
Resource efficiency	Reduce energy and water use. Reduce carbon emissions and improve energy efficient buildings e.g. installation of LED lighting. Improve occupier resilience and efficiency alongside comfort and well-being.	Potential material capital expenditure. Reduce operating expenditure through efficiency gains. Reduce GHG emissions and possible future carbon taxes.	To commission EPC+ reports on selected assets, energy efficiency audits and net zero pathway assessments on selected assets. Where appropriate, prepare larger buildings to become subject to public disclosure framework.	Short to medium term
Energy source	Investment in lower emissions sources of energy and use of new technologies. Investment in on-site renewable energy generation and storage e.g. installation of solar PV and batteries.	Potential material capital expenditure. Additional revenue through sale of renewable energy to customers and the grid. Protect against energy cost volatility for our tenants. Cost of improvement.	Deploy where possible on-site renewable energy generation and storage assets in partnership with tenants. In the short term this will include pilot projects with tenants prior to undertaking feasibility studies on other assets.	Short to medium term
Products and Services	Improve building amenities (e.g. EV charging, install LED lights).	Improve the marketability of a property including rental value and valuation.	Continued review and development of ASAPs. Engagement with tenants to understand their requirements.	Short to medium term
Resilience	The development of net zero carbon assets could future-proof the portfolio against tightening regulation e.g. MEES standards.	Increased market value of properties through resilience planning.	To consider further during 2025 the potential pathway to net zero. Consider adopting net zero target and pathway.	Medium to long term

Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning

Having identified relevant risks and opportunities, the Board and the Investment Manager describe below how these influences are incorporated into strategic and financial planning. With respect to its business activities, the Investment Manager is seeking to improve investment, asset management and risk monitoring processes to avoid transition and physical risks having unforeseen impacts on real estate portfolios. During the period, our UK efforts were focused principally on transition risk related to MEES/EPC compliance and adapting to the physical risks of climate disruption.

With respect to the latter, climate risks are now systematically integrated into AEW UK's investment process. We have incorporated a comprehensive ESG+R acquisition assessment into our due diligence process for reviewing and evaluating the potential risks and opportunities of our assets. Material ESG+R due diligence findings, if any, will be referred back to the Investment Management Committee ("IMC") for further consideration.

With the exception of MEES, where an EPC provides a measurable data point, our approach in assessing the potential impact of climate-related risks and opportunities remains qualitative. We aim to enhance our assessment for future reporting periods to be more quantitative as more data and information becomes available. We assess climate resilience with a climatologist, having undertaken a review of the entire portfolio in 2022 and are undertaking climate resilience audits on selected assets where potential material risks are present. The resilience audit findings will be used to assess the potential impact of the risk and cost to reduce the vulnerabilities of identified buildings.

In relation to the MEES/EPC regime, during the period the Investment Manager undertook a gap analysis of the portfolio to identify any assets posing a non-compliance risk. Those investments were then re-assessed and action plans created where necessary.

Determining the impact of climate-related risks and opportunities on the business, strategy and financial planning will be an iterative process over future reporting periods. We will utilise the findings of ongoing projects and assessments, EPC improvement plans and climate resilience audits to quantify impacts on specific assets and to inform our qualitative assessment of physical and transition risk and opportunities.

Climate-related opportunities are considered to be principally connected with resource efficiency, energy sourcing, property services and resilience. The Investment Manager is tasked with developing these opportunities through ongoing asset management initiatives and assessment of opportunities through Asset Sustainability Action Plans.

Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario

The ESG+R Com considered various climate scenarios and determined AEW's approach is currently to consider the high emissions scenario of 'Business as Usual' Representative Concentration Pathway ("RCP") 8.5 and assess portfolio resilience on this basis. The RCP 8.5 scenario refers to the concentration of carbon that delivers global warming at an average of 8.5 watts per square meter across the planet.

The RCP 8.5 pathway delivers a temperature increase of about 4.3˚C by 2100, relative to pre-industrial temperatures. It should be noted that this is not aligned with the TCFD requirement to at least model the impact of a 2 degree Celsius or lower scenario as we have focused our efforts on the higher risk scenario which has the greater potential impact on the portfolio.

AEW has worked with the Climate Company to qualitatively assess the climatic risks exposure of all portfolio assets on an urban micro- scale for the next two decades. The assessment includes qualitative assessment against various climate driven event thresholds of.

Certain assets within the portfolio exceeded one or more of the thresholds. We have selected a sample of assets to subject to further climate resilience audits and to develop action plans and quantify costs, if appropriate, to reduce their vulnerability. The results of these audits will be used in future reporting periods to inform AEW and the Board of potential vulnerability of the portfolio and potential costs.

3. RISK MANAGEMENT

Describe the organisation's processes for identifying and assessing climate-related risks

AEW brings a disciplined, holistic approach to risk monitoring and control. Our risk management process is designed to identify, evaluate, manage and mitigate (rather than eliminate) the significant risks we face. The Investment Manager maintains a risk register which includes the principal climate-related risks of:

(i) Transition risks associated with the transition to a low or ultra-low economy; and

(ii) Physical risks associated with tangible impacts of climate change.

The ESG+R Com allocates responsibility to individual members for specific climate risks and resilience matters, including physical risks, regulatory risk, market risk, insurance risk and reputational and liability risk. Members assess risks at the European level through pilot studies and work with third-party specialists. The UK Risk Manager works closely with members of the ESG+R Com and the European SRI team to identify relevant risks and determine appropriate strategies to assess the risk UK real estate assets are exposed to.

The Portfolio Manager is supported by the Risk Manager and UK ESG Working Group in the management of climate-related risks.

Describe the organisation's processes for managing climate-related risks

The Investment Manager's IMC approves all acquisitions and any material climate-related due diligence findings, if any, will be referred back to the IMC for further consideration. The PMRC considers portfolio-level assessments of environmental and energy issues and evaluates these assessments and climate-related risks as part of the bi-annual review of the Company. Any material findings are escalated at the local level to the Investment Manager's UK Board and the Company's Board. The Company's Board and the Investment Manager's Board needs to be informed of all material risks and issues so as to be in a position to approve the appropriate course of action to ensure that these risks are mitigated. Where a particular climate-related risk is deemed to have a potentially material adverse impact then this would be further escalated to AEW's ERC, ESG+R Com and ExCom as well as the Company's Board.

Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

AEW recognises the importance of identifying, assessing and managing climate-related risks. Indeed, as an FCA-authorised Alternative Investment Fund Manager, it is a core regulatory requirement to engage meaningfully with risks. Risk assessment is therefore a vital aspect of AEW's investment operating model and it takes place on a continuous basis.

Climate-related risk is integrated into AEW's risk management process; this includes monitoring and reporting to the AEW UK Board, European Committees and participation in the wider Enterprise Compliance Programme operated by its parent company Natixis Investment Managers. This programme seeks to foster a comprehensive risk management and control environment to limit operational and non-compliance risk, as follows:

- First level of control where risk management controls are integrated into the operating processes of the Investment Manager and formalised in clearly defined and documented procedures which are reviewed by a number of committees.
- Second level of control carried out by the compliance department through the permanent control programme.
- Third level of control carried out by the annual internal audit programme undertaken with Natixis Investment Manager's internal audit department and their independent external consultants.
- Fourth level of control carried out through audits undertaken by Natixis and the BPCE Group's internal audit teams together with independent external consultants.

The Board considers climate change a principal risk to the Company and assesses transition and physical risk as part of the Board's formal risk review with the assistance of the Audit and Risk Committee.

4. METRICS AND TARGETS

A core requirement of TCFD is to establish and develop suitable metrics and targets. Our focus in 2024 was:

- Progressing with portfolio climate resilience assessment using a "business as usual" warming scenario.
- EPC management across the portfolio.
- Review of metrics and targets
- Climate resilience audits at selected assets.

In 2025 our focus is on:

- Climate opportunity projects at selected assets.
- Continuing to develop our assessment of the potential impact of the identified climate-related risks and opportunities on the Fund's business operations, strategy and financial performance.
- Continued enhancement of risk assessment as improved data and metrics enable us to move from qualitative to quantitative assessment over time.

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

The table below summarises key metrics and targets used to assess climate-related risks and opportunities.

METRIC CATEGORY	METRIC	PREVIOUS TARGET	2025 DATA	CURRENT TARGET
GHG emissions	Absolute Scope 1 GHG Emissions	40% reduction in Scope 1 GHG emissions within the Managed Portfolio by 2030 as compared to the 2018 baseline	83 tonnes	40% reduction in absolute Scope 1 GHG emissions within the Managed Portfolio by 2030 as compared to the 2018 baseline
	Absolute Scope 2 GHG Emissions	40% reduction in Scope 2 GHG emissions within the Managed Portfolio as compared to the 2018 baseline	158 tonnes	40% reduction in absolute Scope 2 GHG emissions within the Managed Portfolio by 2030 as compared to the 2018 baseline
Renewable energy	Percentage of landlord-controlled assets with renewable electricity supplies	100% (with exception of new acquisitions during first 12 months of ownership)	100%	100% (with exception of new acquisitions during first 12 months of ownership)
Transition risk	Percentage of assets with EPC A-C (by ERV)	N/A	69%	100% EPC to at least C grade by 2027 and to B by 2030 (unless exempt)
Physical risks	Percentage of assets with climate resilience assessment	100%	100% for existing Portfolio completed	100%
	Number of assets with a specific climate resilience audit and plan	3	N/A	3 to be completed during 2025/26
	Number of assets with a net zero assessment pathway	6	N/A	2 assets selected for net zero assessment pathway during 2025/26
Climate related opportunities	On-site renewable energy generation and storage projects	N/A	2	2 further assets selected subject to additional feasibility and tenant engagement during 2025/26

As a Real Estate Investment Trust, the majority of the Company's emissions arise through assets that are owned and leased. At multi-let properties, the Company (in its capacity as landlord) has control and influence over the whole building and/or shared services (including refrigerant leakage), external lighting and void spaces. The position with FRI leases is significantly different, as described in the GHG disclosure section.

These metrics, however, will evolve over time as for example, in relation to Scope 3 GHG emissions, given a landlord has limited operational control, the Investment Manager will initially focus on improving data collection. Over time the Company, via the Investment Manager, will actively engage with tenants to reduce their GHG emissions, with improvement plans aiming to increase a building's operational performance, reduction in energy usage and feasibility of on-site renewable energy generation or storage.

The PMRC and the UK ESG Working Group and sub-committees monitor progress against targets.

Disclose Scope 1, Scope 2 and if appropriate, Scope 3 greenhouse gas emissions and the related risk

Emissions sources listed on page 142 relate to the managed portfolio only and the following sources of energy consumption within each sector:

- **Office:** whole building
- **Retail, High Street:** whole building, tenant space and common areas
- **Retail, Warehouse:** tenant space and external lighting
- **Leisure:** external lighting, tenant space and common areas
- **Industrial:** tenant space, common areas and external lighting

Emissions outside of operational control:

The Company was not responsible for emission from gas and/or electricity use at any other owned asset or for head office operations. The Company is not directly responsible for any GHG emissions/energy usage at single let/FRI assets nor at multi-let assets where the tenant is counterparty to the energy contract. As these emissions are outside of the Company's direct control, they form part of the wider value chain (i.e. 'Scope 3') emission, which are not monitored at present.

Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

The Company has reviewed the existing targets and is in the process of setting new targets in consultation with its external advisors. Targets are reviewed at least annually and will be amended where appropriate as our management of climate related risks and opportunities evolves over future reporting periods.

Targets are reported in table on page 87, where no targets had previously been set this is reported as N/A.

SHARE CAPITAL

Share Issues

At the Company's AGM held on 4 September 2024, the Company was granted the authority to allot Ordinary Shares up to an aggregate nominal amount of £158,424.74 on a non pre-emptive basis. The Company was also granted authority to allot further Ordinary Shares up to an aggregate nominal amount of £158,424.74 on a non pre-emptive basis. No Ordinary Shares have been allotted under either authority during the year and both authorities will expire at the conclusion of the 2025 AGM. A resolution to renew the Company's authority to allot Ordinary Shares up to an aggregate nominal amount of £158,424.74 on a non pre-emptive basis will be put to shareholders at the 2025 AGM alongside a resolution to allot further Ordinary Shares up to an aggregate nominal amount of £158,424.74 on a non pre-emptive basis.

As at 31 March 2025, and the date of this report, the Company had 158,774,746 Ordinary Shares in issue, of which 350,000 (2024: 350,000) were held in treasury and therefore the total voting rights attaching to Ordinary Shares are 158,424,746.

Purchase of Own Shares

At the Company's AGM on 4 September 2024, the Company was granted authority to purchase up to 23,747,869 Ordinary Shares (being 14.99% of the Company's Ordinary Shares in issue). No shares have been bought back under this authority during the year, which expires at the conclusion of the Company's 2025 AGM. A resolution to renew the Company's authority to purchase (either for cancellation or for placing into treasury) up to 23,747,869 Ordinary Shares (being 14.99% of the issued Ordinary Share capital (excluding treasury shares) as at the date of this report), will be put to shareholders at the 2025 AGM. Any purchase will be made in the market and prices will be in accordance with the terms laid out in the Notice of AGM (enclosed separately and available on the Company's website).

The authority will be used where the Directors consider it to be in the best interests of shareholders.

RIGHTS ATTACHED TO ORDINARY SHARES

Income Entitlement

The profits of the Company (including accumulated revenue reserves) available for distribution and resolved to be distributed shall be distributed in proportion to the amount paid up per share by way of interim and, where applicable, special or final dividends among the holders of Ordinary Shares.

Capital Entitlement

After meeting the liabilities of the Company on a winding-up, the surplus assets shall be paid to the holders of different classes of members and distributed among such holders rateably according to the amounts paid up or credited as paid up on their shares.

Voting Entitlement

Each Ordinary shareholder is entitled to one vote on a show of hands and, on a poll, to one vote for every Ordinary Share held. The Notice of AGM and Form of Proxy stipulate the deadlines for the valid exercise of voting rights and, other than with regard to Directors not being permitted to vote their Ordinary Shares on matters in which they have an interest, there are no restrictions on the voting rights of Ordinary Shares.

There are no restrictions concerning the transfer of securities in the Company or on voting rights:

- no special rights with regard to control attached to securities; no agreements between holders of securities regarding restrictions on the transfer of securities or voting rights known to the Company; and
- no agreements which the Company is party to that might affect its control following a successful takeover bid.

Requirements of the Listing Rules

Listing Rule 6.6.4 requires the Company to include specified information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures required in relation to Listing Rule 6.6.1.

SUBSTANTIAL SHAREHOLDINGS

As at 31 March 2025, the Company had been notified under the Disclosure and Transparency Rule ("DTR") 5 of the following significant holdings of voting rights in its Ordinary Shares. These holdings may have changed since notification, however, notification of any change is not required until the next applicable threshold is cross. The Company has not been notified of any changes to the above interests between 31 March 2025 and the date of this report.

SHAREHOLDER	NUMBER OF ORDINARY SHARES HELD	% OF TOTAL VOTING RIGHTS
Momentum Global Investment Management Limited	7,856,028	5.0
TrinityBridge Limited	7,836,451	4.9
Schroders plc	7,643,485	4.8
Investec Wealth & Investment Limited	4,813,400	3.0
Natwest Group plc	4,747,598	3.0

In addition to the above notified holdings under DTR 5, the Company completes its own analysis of significant holdings of voting rights and is aware that a significant proportion of the Company's Ordinary Shares are owned by retail investors via platforms. In accordance with this analysis, which differs significantly to the above, the Company notes the following additional holders of Ordinary Shares at 31 March 2025.

SHAREHOLDER	NUMBER OF ORDINARY SHARES HELD	% OF TOTAL VOTING RIGHTS
Hargreaves Lansdown Asset Management	**36,869,877**	**23.3**
Interactive Investor	**22,428,605**	**14.2**
A J Bell Securities	**10,941,574**	**6.9**
Halifax Share Dealing	**5,029,245**	**3.2**

It is also the Company's understanding that of the notified holdings listed above, only TrinityBridge Limited continue to hold more than 3.0% of the Company's Ordinary Shares.

RELATED PARTY TRANSACTIONS

Related party transactions during the year ended 31 March 2025 can be found in note 24 to the financial statements.

POST BALANCE SHEET EVENTS

Post balance sheet events can be found in note 26 to the financial statements.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITOR

So far as each Director is aware, there is no relevant audit information, which would be needed by the Company's Auditor in connection with preparing its audit report (on pages 92 to 100), of which the Auditor is not aware; and each Director, in accordance with section 418(2) of the Companies Act 2006, has taken all reasonable steps that they ought to have taken as a Director to make themselves aware of any such information and to ensure that the Auditor is aware of such information.

AUDITOR

BDO LLP has expressed its willingness to continue as the Company's Auditor. As outlined in the Report of the Audit and Risk Committee on page 62, resolutions proposing the Auditor's re-appointment and to authorise the Audit Committee to determine its remuneration will be proposed at the forthcoming AGM.

The Directors' Report has been approved by the Board of Directors and signed on its behalf by:

Robin Archibald
Chairman of the Board

26 June 2025

Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with UK adopted international accounting standards and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Company's financial statements in accordance with UK adopted international accounting standards. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Directors' Report, a Strategic Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Annual Report and Financial statements, taken as a whole, is fair, balanced, and understandable and provides the information necessary for shareholders to assess the Company's performance, prospects, business model and strategy.

WEBSITE PUBLICATION

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

DIRECTORS' RESPONSIBILITIES PURSUANT TO DTR4

The Directors confirm to the best of their knowledge:

- The financial statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that it faces.

The Directors consider that this Annual Report and Financial Statements, taken as a whole, is fair, balanced, and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This Statement of Responsibilities was approved by the Board and signed on its behalf by:

Robin Archibald
Chairman

26 June 2025

Independent Auditor's Report to the Members of AEW UK REIT plc

OPINION ON THE FINANCIAL STATEMENTS

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards;
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of AEW UK REIT plc (the "Company") for the year ended 31 March 2025 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's 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. Our audit opinion is consistent with the additional report to the Audit and Risk Committee.

Independence

Following the recommendation of the Audit and Risk Committee, we were appointed by the board of directors on 8 September 2021 to audit the financial statements for the year ended 31 March 2022 and subsequent financial periods. The period of total uninterrupted engagement is 4 years, covering the years ended 31 March 2022 to 31 March 2025. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

CONCLUSIONS RELATING TO GOING CONCERN

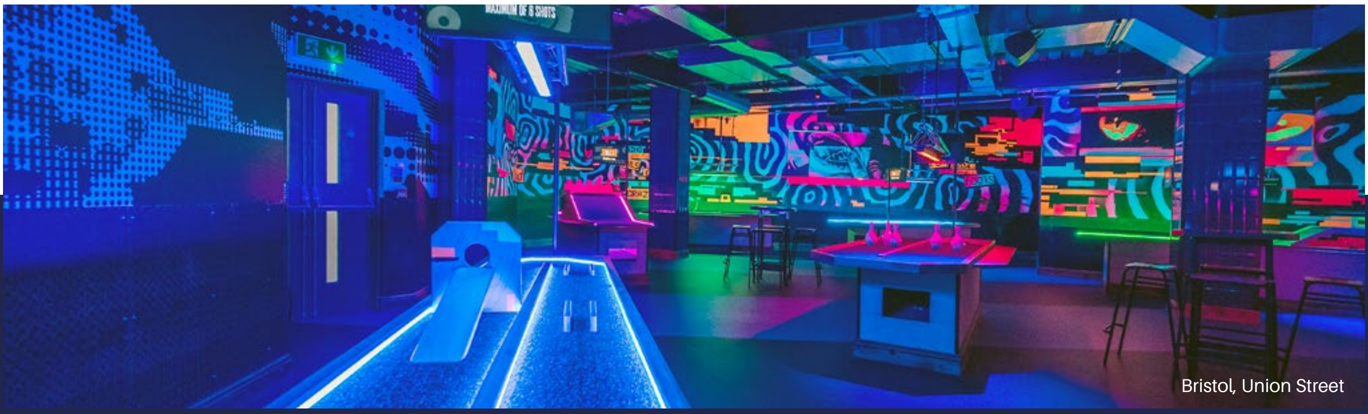
In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- using our knowledge of the Company and its market sector together with the current general economic environment to assess the Directors' identification of the inherent risks to the Company's business and how these might impact the Company's ability to remain a going concern for the going concern period, being the period to 30 June 2026, which is at least 12 months from when the financial statements are authorised for issue;
- obtaining an understanding of the Directors' process for assessing going concern including an understanding of the key assumptions used;
- obtaining the Directors' going concern assessment and:
  - assessing the Company's forecast cash flows with reference to historic performance and challenging the Directors' forecast assumptions in comparison to the current performance of the Company;
  - agreeing the key inputs into the forecasts to supporting documentation for reasonableness based on contractual agreements, where available;
  - agreeing the Company's available borrowing facilities and the related terms and covenants to loan agreements;
- obtaining forecast covenant calculations to check for any potential future covenant breaches;
- analysing the sensitivities applied by the Directors' stress testing calculations and challenging the assumptions made using our knowledge of the business and of the current economic climate, to assess the reasonableness of the downside scenarios selected and the appropriateness of the Directors' mitigating actions;
- considering board minutes, and evidence obtained throughout the audit and challenging the Directors on the identification of any contradictory information in the forecasts and the impact on the going concern assessment;
- analysing the Directors' stress testing calculations and challenging the assumptions made using our knowledge of the business and of the current economic climate, to assess the reasonableness of the downside scenarios selected and the appropriateness of the Directors' mitigating actions; and
- reviewing the disclosures in the financial statements relating to going concern to check that the disclosure is consistent with the circumstances.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.



Bristol, Union Street

OVERVIEW

COVERAGE	100% (2024: 100%) of profit before tax 100% (2024: 100%) of revenue 100% (2024: 100%) of total assets 100% (2024: 100%) of investment property		
KEY AUDIT MATTERS	Valuation of investment properties	2025 ✓	2024 ✓
MATERIALITY	Company financial statements as a whole £2.41m (2024: £2.32m) based on 1% (2024: 1%) of total assets		

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Climate change

Our work on the assessment of potential impacts on climate-related risks on the Company's operations and financial statements included:

- enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- our own qualitative risk assessment taking into consideration the sector in which the Company operates and how climate change affects the real estate sector; and
- review of the minutes of board and audit and risk committee meetings and other papers related to climate change and performed a risk assessment as to how the impact of the Company's commitment as set out in pages 81 to 83 may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors' going concern assessment and viability assessment.

We also assessed the consistency of management's disclosures included as "other information" on page 97 with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks and related commitments.

Bristol, Queen Square

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER		HOW THE SCOPE OF OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Valuation of investment properties As detailed in note 12 to the financial statements, the Company owns a portfolio of investment properties which are held at their fair value. The Company's accounting policy for these properties is described in note 2.5 to the financial statements. The key judgements and estimates in arriving at the fair values are set out in notes 2.2 and 12 to the financial statements.	The Company has an investment property portfolio of commercial property across a number of sectors in the United Kingdom. This comprises completed investment property which is let, or available to let and is valued using the income capitalisation method, in accordance with RICS methodology and IFRS 13 Fair Value Measurement. The valuation of investment property requires significant judgement and estimates by the Directors and their independent external valuer and is therefore considered a significant risk due to the subjective nature of certain assumptions inherent in each valuation.	Our audit procedures included the following: **Experience of valuer and relevance of their work** - We obtained the valuation report prepared by the independent external valuer and with the assistance of our internal RICS qualified real estate valuation experts, discussed the basis of the valuations with them, read the valuation reports and confirmed that all valuations had been prepared in accordance with applicable valuation guidelines and the requirements of the applicable accounting standards (IFRS 13 Fair Value Measurement) and were therefore appropriate for determining the carrying value in the Company's financial statements. - We assessed the external valuer's competence and qualifications and read their terms of engagement with the Company, to identify any matters that could have affected their independence and objectivity or imposed scope limitations upon them. - We obtained a copy of the instructions provided to the independent valuer and reviewed for any limitations in scope or for evidence of management bias. **Data provided to the valuer** - We validated the underlying data provided to the valuer by Investment Manager. This data included inputs such as current rent and lease term, which we agreed on a sample basis to the executed lease agreements as part of our audit work.

KEY AUDIT MATTER		HOW THE SCOPE OF OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
	Any input inaccuracies or unreasonable bases used in the valuation judgements (such as in respect of estimated rental value and yield profile applied) could result in a material misstatement of the Company's financial statements. There is also a risk of fraud that the Directors may influence the judgements and estimates in respect of property valuations in order to achieve property valuations and other performance targets to meet market expectations. The valuation of investment properties was therefore considered to be a key audit matter.	**Assumptions and estimates used by the valuer** - With assistance from our internal real estate valuation experts, we developed yield expectations on each property using available independent industry data, reports and comparable transactions in the market around the period end. Our in-house valuers also attended the audit meetings with the Company's valuers to assist us in assessing that explanations provided were appropriate and in line with market knowledge. - We compared the key valuation assumptions against our independently formed market expectations (by reference to market data based on the location and specifics of each property). - We discussed the assumptions used and the valuation movement in the period with the independent valuer. Where the valuation was outside of our expected range, we challenged the independent valuer on specific assumptions and reasoning for the yields applied and corroborated their explanations where relevant, including agreeing to third party documentation. **Key observations** - Based on the procedures performed, we did not identify any indicators to suggest that the judgements and estimates made in the valuation of the Company's investment properties were inappropriate.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	COMPANY FINANCIAL STATEMENTS 2025	COMPANY FINANCIAL STATEMENTS 2024
MATERIALITY	£2.41 million	£2.32 million
BASIS FOR DETERMINING MATERIALITY	1% of Total Assets	
RATIONALE FOR THE BENCHMARK APPLIED	We determined that total assets would be the most appropriate basis for determining overall materiality as we consider it to be one of the principal considerations for users of the financial statements in assessing the financial performance of the Company.	
PERFORMANCE MATERIALITY	£1.81 million	£1.74 million
BASIS FOR DETERMINING PERFORMANCE MATERIALITY	75% of Materiality	
RATIONALE FOR THE PERCENTAGE APPLIED FOR PERFORMANCE MATERIALITY	Overall performance materiality for the Company has been set at 75% (2024: 75%) of materiality. This was on the basis of our risk assessment, together with our assessment of the Company's overall control environment and the expected total value of known and likely misstatements and the level of transactions in the year.	

Specific materiality

We also determined that for other account balances and classes of transactions that impact the calculation of European Public Real Estate Association ("EPRA") earnings a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. We consider EPRA earnings to be a key performance measure of the Company. EPRA earnings excludes the impact of the net surplus on revaluation of investment properties, profit on disposal of investment properties and changes in the fair value of interest rate derivatives. As a result, we determined specific materiality for these items to be £0.71m (2024: £0.58m), based on 5% of EPRA earnings (2024: 5%). We further applied a performance materiality level of 75% (2024: 75%) of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit and Risk Committee that we would report to them all individual audit differences in excess of £120,000 (2024: £116,000) and for those items impacting the calculation of EPRA earnings £35,000 (2024: £28,000). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

GOING CONCERN AND LONGER-TERM VIABILITY	- The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified on pages 72 and 73; and - The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate on page 73.
OTHER CODE PROVISIONS	- Directors' statement on fair, balanced and understandable on page 91 - Board's confirmation that it has carried out a robust assessment of the emerging and principal risks on pages 36 to 43; - The section of the annual report that describes the review of effectiveness of risk management and internal control systems on page 59; and - The section describing the work of the audit and risk committee on pages 61 to 63.

OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below:

STRATEGIC REPORT AND DIRECTORS' REPORT	In our opinion, based on the work undertaken in the course of the audit: - the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and - the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.
DIRECTORS' REMUNERATION	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: - adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or - the Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or - certain disclosures of Directors' remuneration specified by law are not made; or - we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 Directors are responsible for assessing the Company'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 Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S 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 auditor's 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

Non-compliance with laws and regulations

Based on:

- our understanding of the Company and the industry in which it operates;
- discussion with management and those charged with governance; and
- obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations;
  we considered the significant laws and regulations to be UK company law, UK tax legislation (including the REIT regime requirements) and the UK Listing Rules, and we considered the extent to which non-compliance might have a material effect on the Company's financial statements.

Our procedures in respect of the above included:

- agreeing the financial statement disclosures to underlying supporting documentation where relevant;
- reviewing legal expenditure accounts to understand the nature of expenditure incurred;
- the review of Board and Committee meeting minutes and enquiries with management and the Directors as any known or suspected instances of non-compliance with laws and regulations; and
- in order to address the risk of non-compliance with the REIT regime, considering a report from the Company's external adviser, detailing the actions that the Company has undertaken to ensure compliance. This paper was reviewed, and the assumptions challenged, with the assistance of our own internal valuations expert.

Irregularities including fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- enquiry with Directors and those charged with governance regarding any known or suspected instances of fraud;
- obtaining an understanding of the Company's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be potential manipulation of journals affecting revenue, investment property valuations, and management override of controls.

Our procedures in response to the above included:

- analysing and substantively testing unusual journals combinations to revenue to determine if they were appropriate;
- work performed in the investment property balance which is set out in the key audit matters section above; and
- testing a sample of journal entries processed during the year which met a defined risk criteria, agreeing to supporting documentation and evaluating whether there was evidence of bias by management or the Directors that represented a risk of material misstatement due to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were deemed to have the appropriate competence and capabilities, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Levy (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London, United Kingdom

26 June 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financial Statements

AEW Invested. In every square metre.

Wrexham, Gresford Industrial Estate

Statement of Comprehensive Income
for the year ended 31 March 2025

	NOTES	YEAR ENDED 31 MARCH 2025 £'000	YEAR ENDED 31 MARCH 2024 £'000
Income			
Rental and other property income	3	**22,677**	24,345
Property operating expenses	4	**(5,818)**	(6,861)
Impairment gain/(loss) on trade receivables		**430**	(1,208)
Other Income	3	**1,082**	–
Net rental and other income		**18,371**	16,276
Other operating expenses	5	**(2,625)**	(2,751)
Directors' remuneration	6	**(160)**	(162)
Operating profit before fair value changes		**15,586**	13,363
Change in fair value of investment properties	12	**6,861**	(4,350)
Realised gains on disposal of investment properties	12	**3,230**	1,848
Operating profit		**25,677**	10,861
Change in fair value of financial assets through profit and loss		**-**	(12)
Finance income	7	**624**	177
Finance expense	8	**(1,931)**	(1,936)
Profit before tax		**24,370**	9,090
Taxation	9	**(26)**	(42)
Profit for the year attributable to owners of the company		**24,344**	9,048
Other comprehensive income		**-**	–
Total comprehensive income for the year		**24,344**	9,048
Earnings per share (pence per share) (basic and diluted)	**10**	**15.37**	5.71

The notes on pages 107 to 132 form an integral part of these financial statements.

Statement of Changes in Equity
for the year ended 31 March 2025

FOR THE YEAR ENDED 31 MARCH 2025	NOTES	SHARE CAPITAL £'000	SHARE PREMIUM ACCOUNT £'000	CAPITAL RESERVE AND RETAINED EARNINGS* £'000	BUYBACK RESERVE £'000	TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY £'000
Balance at 1 April 2024		**1,587**	**56,578**	**104,852**	**(265)**	**162,752**
Profit for the year and total comprehensive income		–	–	24,344	–	24,344
Other distribution		–	–	21	–	21
Dividends paid	11	–	–	(12,674)	–	(12,674)
Balance at 31 March 2025		**1,587**	**56,578**	**116,543**	**(265)**	**174,443**

FOR THE YEAR ENDED 31 MARCH 2024	NOTES	SHARE CAPITAL £'000	SHARE PREMIUM ACCOUNT £'000	CAPITAL RESERVE AND RETAINED EARNINGS* £'000	BUYBACK RESERVE £'000	TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY £'000
Balance at 1 April 2023		**1,587**	**56,578**	**109,201**	**(265)**	**167,101**
Profit for the year and total comprehensive income		–	–	9,048	–	9,048
Other distribution		–	–	(723)	–	(723)
Dividends paid	11	–	–	(12,674)	–	(12,674)
Balance at 31 March 2024		**1,587**	**56,578**	**104,852**	**(265)**	**162,752**

* Part of the capital reserve has arisen from the cancellation of part of the Company's share premium account and is a distributable reserve subject to realised profits.

The notes on pages 107 to 132 form an integral part of these financial statements.

Statement of Financial Position
as at 31 March 2025

	NOTES	YEAR ENDED 31 MARCH 2025 £'000	YEAR ENDED 31 MARCH 2024 £'000
Assets			
Non-current assets			
Investment property	12	**200,429**	181,040
Receivables and prepayments	13	**3,956**	3,267
		204,385	184,307
Current assets			
Investment property held for sale	12	**–**	26,086
Receivables and prepayments	13	**9,281**	10,625
Cash and cash equivalents		**25,993**	11,397
Restricted cash	14	**1,790**	–
		37,064	48,108
Total assets		**241,449**	232,415
Non-current liabilities			
Interest bearing loans and borrowings	15	**(59,773)**	(59,663)
Lease obligations	17	**(174)**	(174)
		(59,947)	(59,837)
Current liabilities			
Payables and accrued expenses	16	**(7,046)**	(9,813)
Lease obligations	17	**(13)**	(13)
		(7,059)	(9,826)
Total liabilities		**(67,006)**	(69,663)
Net assets		**174,443**	162,752
Equity			
Share capital	20	**1,587**	1,587
Buyback reserve	20	**(265)**	(265)
Share premium account	21	**56,578**	56,578
Capital reserve and retained earnings		**116,543**	104,852
Total capital and reserves attributable to equity holders of the Company		**174,443**	162,752
Net Asset Value per share (pps)	**10**	**110.11**	102.73
EPRA Net Tangible Assets per share (pps)	**10**	**110.11**	102.73

The financial statements were approved by the Board of Directors on 26 June 2025 and were signed on its behalf by:

Robin Archibald
Chairman

AEW UK REIT plc (Company number: 09522515)

The notes on pages 107 to 132 form an integral part of these financial statements.

Statement of Cash Flows
for the year ended 31 March 2025

	YEAR ENDED 31 MARCH 2025 £'000	YEAR ENDED 31 MARCH 2024 £'000
Cash flows from operating activities		
Profit before tax	**24,370**	9,090
Adjustment for non-cash items:		
Finance income	**(624)**	(177)
Finance costs	**1,931**	1,936
Loss from change in fair value of other financial assets	**-**	12
(Gain)/loss from change in fair value of investment property	**(6,861)**	4,350
Realised gains on disposal of investment properties	**(3,230)**	(1,848)
Increase in other receivables and prepayments	**(3,162)**	(3,458)
Increase in restricted cash	**(1,790)**	–
(Decrease)/increase in other payables and accrued expenses	**(1,988)**	1,821
Net cash flow generated from operating activities	**8,646**	11,726
Cash flows from investing activities		
Purchase of and additions to investment properties	**(13,335)**	(25,135)
Disposal of investment properties	**33,941**	24,528
Finance income	**624**	177
Net cash generated from/(used in) investing activities	**21,230**	(430)
Cash flows generated from/(used in) financing activities		
Withholding tax paid on distributions	**(782)**	–
Finance costs	**(1,807)**	(1,823)
Dividends paid	**(12,691)**	(12,391)
Net cash flow used in from financing activities	**(15,280)**	(14,214)
Net increase/(decrease) in cash and cash equivalents	**14,596**	(2,918)
Cash and cash equivalents at start of the year	**11,397**	14,315
Cash and cash equivalents at end of the year	**25,993**	11,397

The notes on pages 107 to 132 form an integral part of these financial statements.

Notes to the Financial Statements
for the year ended 31 March 2025

1. CORPORATE INFORMATION

AEW UK REIT plc (the 'Company') is a closed ended Real Estate Investment Trust ('REIT') incorporated on 1 April 2015 and domiciled in the UK. The registered office of the Company is 19th Floor, 51 Lime Street, London EC3M 7DQ.

The Company's Ordinary Shares were listed on the Official List of the FCA and admitted to trading on the Main Market of the London Stock Exchange on 12 May 2015.

The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 3 to 48.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements are prepared and approved by the Directors in accordance with UK adopted international accounting standards.

These financial statements have been prepared under the historical cost convention, except for investment property and interest rate derivatives that have been measured at fair value.

The financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000), except when otherwise indicated.

The Company is exempt by virtue of Section 402 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information solely about the Company as an individual undertaking.

New standards, amendments, and interpretations

The following amendments to existing standards, which are required for the Company's accounting period beginning on 1 April 2024, have been considered and applied:

- Amendments to IAS 1 Presentation of Financial Statements clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period and not expectations of, or actual events after, the reporting date. The amendments also give clarification to the definition of settlement of a liability.
- Amendments to IFRS 16 Lease Liability in a Sale and Leaseback specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

There were no material effects from the adoption of the above-mentioned amendments to IFRS effective in the period. They have no significant impact on the Company as they are either not relevant to the Company's activities or require accounting that is already consistent with the Company's current accounting policies.

There are a number of new standards and amendments to existing standards, which have been published and are mandatory for the Company's accounting periods beginning on, or after, 1 April 2025. The Company is not adopting these standards early.

The following are the most relevant to the Company:

- Amendments to IAS 21 Lack of Exchangeability to assist entities in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not.
- IFRS 18 Presentation and Disclosures in Financial Statements. This is the new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates to the statement of profit or loss.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures. This reduces disclosure requirements that an eligible subsidiary entity is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.
- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. The amendments provide clarity on the date of recognition and derecognition of certain financial instruments and amends/updates the disclosure required for some financial instruments.

The Directors have yet to assess the full outcome of these new standards, amendments and interpretations; however, with the exception of IFRS 18, these other new standards, amendments and interpretations are not expected to have a significant impact on the Company's financial statements.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting judgements and estimates

The preparation of financial statements in accordance with IFRS requires the Directors of the Company to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future.

There are not considered to be any judgements which have a significant effect on the amounts recognised in the financial statements, however, there is an estimate that will have a significant effect on the amounts recognised in the financial statements:

i) Valuation of investment property

The Company's investment property is held at fair value as determined by the independent external valuer on the basis of fair value in accordance with the internationally accepted RICS Appraisal and Valuation Standards. Details of the considerations made in respect of the estimation are further detailed in note 12.

2.3 Segmental information

The Board of Directors retains overall control of the Company, but the Investment Manager (AEW UK Investment Management LLP) has certain authorities and fulfils the function of allocating resource to, and assessing the performance of the Company's operating segments and is therefore considered to be the Chief Operating Decision Maker ('CODM'). In accordance with IFRS 8, the Company considers each of its properties to be an individual operating segment. The CODM allocates resources, and reviews the performance of, the Company's portfolio on a property-by-property basis and discrete financial information is available for each individual property.

These operating segments have similar economic characteristics and, as such, are aggregated into one reporting segment, being investment in property and property-related investments in the UK.

2.4 Going concern

The Directors assessed the Company's ability to continue as a going concern, which takes into consideration current economic uncertainty, as well as the Company's cashflows, financial position, liquidity and borrowing facilities.

As at 31 March 2025, the Company had £25.99 million of unrestricted cash at bank. The Company's loan is held with AgFe and is a £60.00m facility with a five-year term. This is priced as a fixed rate loan with a total interest cost of 2.959% and associated 10% projected debt yield and 60% loan to value ("LTV") covenants. The Company reported an LTV of 33.87% at year-end. This provides room for a £71.88 million fall in portfolio valuation before breaching the 60% hard LTV covenant. Moreover, based on the £60.00 million of debt drawn as at year-end, the Company had a projected debt yield of 25.11%, comfortably in excess of the 10% covenant.

The Company benefits from a secure, diversified income stream from a tenancy profile which is not overly reliant on any one tenant or sector, which reduces risk. The Directors also noted that:

- The Company's rent collection has been strong, with 98% of contracted rent either having been collected, or payment plans agreed, for the March 2025 quarter.
- Based on the contracted rent as at 31 March 2025, a reduction of 60.18% in net rental income could be accommodated before breaching the debt yield covenant in the Company's re-financed debt arrangements.
- Based on the property valuation at 31 March 2025, the Company had room for a £71.88 million fall in portfolio valuation before breaching the maximum LTV hard covenant in the Company's re-financed debt arrangements.
- The Company's cash flow can also be significantly managed through the adjustment of dividend payments, to the extent that this does not breach the REIT regime requirements for distributions.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Going concern (continued)

Taking this into consideration, the Directors have reviewed a number of scenarios over 12 months from the date of approval of these financial statements, including a worst-case plausible downside scenario which makes the following assumptions:

- a reduction in net rental income of 30%;
- no new lettings or renewals, other than those where terms have already been agreed;
- a 20% fall in property valuations; and
- no new acquisitions or disposals.

In the above scenario, the Company is forecast to generate a positive cash flow before dividend payments, however it would generate a cash flow much lower than its target dividend of 8 pps per annum. Moreover, the Company is forecast to pass the debt yield covenant during the 12-month period with a minimum projected yield of 18%, compared with the limit of 10%, assuming that no repayments of the facility were to be made.

Given the Company's substantial headroom against its borrowing covenants, the Directors believe that the Company is well placed to manage its financing and business risks. The Directors are confident that the Company will have sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore the financial statements have been prepared on a going concern basis.

2.5 Summary of material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

a) Presentation currency

These financial statements are presented in Sterling, which is the functional and presentational currency of the Company. The functional currency of the Company is principally determined by the primary economic environment in which it operates. The Company did not enter into any transactions in foreign currencies during the year.

b) Revenue recognition

i) Rental income

Rental income receivable under operating leases is recognised on a straight-line basis over the lease term. A rental adjustment is recognised from the rent review date in relation to unsettled rent reviews, whereby changes are recognised from the effective date of the modification when the terms are agreed.

Lease incentives, including rent-free periods and payment to tenants, are also allocated to the Statement of Comprehensive Income on a straight-line basis over the lease term. The value of resulting accrued rental income is deducted from the valuation as provided by the valuer to arrive at the carrying value of the investment property.

A modification to an operating lease in the form of a new lease incentive is accounted for as a new lease from the effective date of the modification. Any lease incentive existing on a modified lease will then be spread evenly over the new remaining life of the lease.

Contingent rental income is calculated based off tenant reported actual turnover and is recognised when the amounts are confirmed and a rental demand is then raised.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the Statement of Comprehensive Income when the right to receive them arises.

Service charge income receivable under operating leases is charged based on budgeted service charge expenditure for a given property over a given service charge year. This income is recognised on a straight-line basis over the service charge year and any balance credits or charges on reconciliation following the end of the service charge year are recognised at the time they arise. Service charge expenses are recognised in the same period as the service charge income to ensure that income and expenditure are matched.

Insurance income relates to a service cost re-charge of insurance costs incurred to the lease holder and is recognised in the accounting period in which the services are rendered.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of material accounting policies (continued)

ii) Deferred income

Deferred income is any rental income that has been invoiced to the tenant but relates to future periods. It is reported as a current liability in the Statement of Financial Position.

c) Financing income and expenses

Financing income comprises interest receivable on funds invested. Financing expenses comprise interest and other costs incurred in connection with the borrowing of funds. Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

d) Investment property

Property is classified as investment property when it is held to earn rentals or for capital appreciation or both. Investment property is measured initially at cost including transaction costs. Transaction costs recognise transfer taxes and professional fees to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in profit or loss.

Investment properties are valued by the independent external valuer on the basis of a full valuation with physical inspection at least once a year, in accordance with the current issue of RICS Valuation – Professional Standards (the 'Red Book').

The determination of the fair value is based upon the income capitalisation approach. This approach involves applying capitalisation yields to current and future rental streams net of income voids arising from vacancies or rent-free periods and associated running costs. These capitalisation yields and estimated rental values are based on comparable property and leasing transactions in the market using the valuer's professional judgement and market observation. Other factors taken into account in the valuations include the tenure of the property, tenancy details, capital values of fixtures and fittings, environmental matter and the overall repair and condition of the property.

For the purposes of these financial statements, the assessed fair value is:

- reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives; and
- increased by the carrying amount of leasehold obligations.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected after its disposal or withdrawal.

The profit on disposal is determined as the difference between the net sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus capital expenditure in the period.

Any gains or losses on the retirement or disposal of investment property are recognised in the profit or loss in the year of retirement or disposal.

e) Investments in subsidiaries

AEW UK REIT 2015 Limited is the subsidiary of the Company. The subsidiary was dormant during the current and previous reporting period. The investment in the subsidiary is stated at cost less impairment and shown in note 19.

The Company has taken advantage of the exemption as permitted by Section 402 of the Companies Act 2006, therefore the subsidiary is not consolidated as its inclusion is not material for the purposes of giving a true and fair view.

f) Investment property held for sale

Investment property is classified as held for sale when it is being actively marketed at year-end and it is highly probable that the carrying amount will be recovered principally through a sale transaction within 12 months.

Investment property classified as held for sale is included within current assets within the Statement of Financial Position and measured at fair value.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of material accounting policies (continued)

g) Derivative financial instruments

Derivative financial instruments, comprising interest rate caps for hedging purposes, are initially recognised at fair value and are subsequently measured at fair value, being the estimated amount that the Company would receive or pay to terminate the agreement at the period end date, taking into account current interest rate expectations and the current credit rating of the Company and its counterparties. Premiums payable under such arrangements are initially capitalised into the Statement of Financial Position.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole. Changes in fair value of interest rate derivatives are recognised within operating costs in profit or loss in the period in which they occur.

h) Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and short-term deposits with an original maturity of three months or less.

i) Restricted cash

Restricted cash is restricted as to withdrawal or usage and the Company does not have ready access to until specific conditions are met.

j) Receivables

Rent and other receivables are initially recognised at fair value and subsequently at amortised cost. Impairment provisions are recognised based upon an expected credit loss model. The Company has made an assessment of expected credit losses at each period end, using the simplified approach where a lifetime expected loss allowance is recognised over the expected life of the financial instrument. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Expected credit losses are assessed based on the Company's historical credit loss experience, adjusted for factors which are specific to the tenant and current and forecast economic conditions in general. If confirmation is received that a trade receivable will not be collected, the carrying value of the asset will be written off against the associated impairment provision.

k) Capital prepayments

Capital prepayments are made for the purpose of acquiring future property assets and held as receivables within the Statement of Financial Position. When the asset is acquired, the prepayments are capitalised as a cost of purchase. Where a purchase is not successful, these costs are expensed within profit or loss as abortive costs in the period.

l) Other payables and accrued expenses

Other payables and accrued expenses are initially recognised at fair value and subsequently held at amortised cost.

m) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Borrowing costs are amortised over the lifetime of the facilities through profit or loss.

When the lifetime of a floating rate facility is extended, and this is considered to be a non-substantial modification, the effective interest rate is revised to reflect changes in market rates of interest.

n) Dividend payable to shareholders

Equity dividends are recognised when they become legally payable.

o) Share issue costs

The costs of issuing or reacquiring equity instruments (other than in a business combination) are accounted for as a deduction from equity.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of material accounting policies (continued)

p) Leases

Leases where the Company is lessee are capitalised at the lease commencement, at present value of the minimum lease payments, using the Company's incremental borrowing rate as the discount rate, and held as both a right-of-use asset and a liability within the Statement of Financial Position.

q) Taxes

Corporation tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case, it is recognised in equity.

As a REIT, the Company is exempt from corporation tax on the profits and gains from its investments, provided it continues to meet certain conditions as per REIT regulations.

Taxation on the profit or loss for the period not exempt under UK REIT regulations comprises current and deferred tax. Current tax is expected tax payable on any non-REIT taxable income for the period, using tax rates applicable in the period.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax that is provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the period end date.

r) European Public Real Estate Association

The Company has adopted European Public Real Estate Association ('EPRA') best practice recommendations, which it expects to broaden the range of potential institutional investors able to invest in the Company's Ordinary Shares. For the year to 31 March 2025, audited EPS and NAV calculations under EPRA's methodology are included in note 10 and further unaudited measures are included on pages 135 to 152.

s) Capital and reserves

Share capital

Share capital is the nominal amount of the Company's Ordinary Shares in issue.

Buyback reserve

Buyback reserve represents the cost of the Company's Ordinary Shares reacquired by the Company including directly attributable transaction costs. This reserve is not distributable.

Share premium

Share premium relates to amounts subscribed for share capital in excess of nominal value less associated issue costs of the subscriptions.

Capital reserve

The capital reserve represents the cancelled share premium less dividends paid from this reserve. This is a distributable reserve.

Retained earnings

Retained earnings represent the profits of the Company less dividends paid from revenue profits to date. Unrealised gains on the revaluation of investment properties contained within this reserve are not distributable until they crystallise on the sale of the investment property. The cumulative unrealised loss contained within this reserve at 31 March 2025 is £0.61 million (31 March 2024: cumulative unrealised loss of £7.47 million).

3. RENTAL AND OTHER INCOME

	YEAR ENDED 31 MARCH 2025 £'000	YEAR ENDED 31 MARCH 2024 £'000
Rental income	**18,328**	19,488
Service charge income	**2,436**	2,899
Insurance income	**1,194**	1,171
Turnover rents	**526**	400
Dilapidation income received	**180**	323
Other property income	**13**	9
Lease surrender income	**–**	55
Total rental and other property income	**22,677**	24,345
Other income*	**1,082**	–
Total rental and other income	**23,759**	24,345

* As detailed in the March 2024 Annual Report, the Company identified in the prior year that certain historic dividends had been declared as ordinary dividends when they should have been declared as Property Income Distributions ("PIDs"). The Investment Manager had (without admission of liability) agreed to fully indemnify the Company for any losses it incurred as a result of rectifying this, thereby ensuring that the Company's NAV would not ultimately be impacted. This indemnification was provided in return for an assignment of any claims the Company has against other parties. The indemnity income has been recognised in the period as a result of the indemnity agreement being finalised and signed.

All rental and other income is derived from within the UK. No single tenant accounts for more than 10% of rental income.

4. PROPERTY OPERATING EXPENSES

	YEAR ENDED 31 MARCH 2025 £'000	YEAR ENDED 31 MARCH 2024 £'000
Recoverable service charge expense	**2,436**	2,899
Recoverable insurance expense	**1,194**	1,171
Other property expenses	**1,191**	1,802
Non-recoverable service charge expense	**997**	989
Total property operating expenses	**5,818**	6,861

5. OTHER OPERATING EXPENSES

	YEAR ENDED 31 MARCH 2025 £'000	YEAR ENDED 31 MARCH 2024 £'000
Investment management fee	**1,379**	1,391
Operating costs	**973**	1,134
Audit remuneration	**273**	226
Total other operating expenses	**2,625**	2,751

Details on how the investment management fees are calculated are disclosed in note 24.

	YEAR ENDED 31 MARCH 2025 £'000	YEAR ENDED 31 MARCH 2024 £'000
Audit		
Statutory audit of Annual Report and Financial Statements	**198**	190
Under accrual from prior year	**39**	–
	237	190
Non-audit		
ISRE (UK) 2410 review (interim review fee)	**36**	36
	36	36
Total fees paid to BDO LLP	**273**	226
Percentage of total fees attributed to non-audit services	**13%**	16%

6. DIRECTORS' REMUNERATION

	YEAR ENDED 31 MARCH 2025 £'000	YEAR ENDED 31 MARCH 2024 £'000
Directors' remuneration	**146**	148
Tax and social security	**14**	14
Total remuneration	**160**	162

A summary of the Directors' remuneration is set out in the Directors' Remuneration Report on page 68.

There are no other members of key management personnel other than the Directors.

7. FINANCE INCOME

	YEAR ENDED 31 MARCH 2025 £'000	YEAR ENDED 31 MARCH 2024 £'000
Income receivable from cash and short-term deposits	**624**	177
Total	**624**	177

8. FINANCE EXPENSES

	YEAR ENDED 31 MARCH 2025 £'000	YEAR ENDED 31 MARCH 2024 £'000
Interest payable on loan borrowings	**1,776**	1,780
Amortisation of loan arrangement fee	**127**	127
Interest expense on lease liabilities	**14**	28
Other loan expenses	**12**	–
Bank charges	**2**	1
Total	**1,931**	1,936

9. TAXATION

	YEAR ENDED 31 MARCH 2025 £'000	YEAR ENDED 31 MARCH 2024 £'000
Tax charge comprises:		
Corporation tax on interest allocated to the residual business	**68**	42
Prior year over accrual	**(42)**	–
Total tax charge	**26**	42
Analysis of tax charge in the year		
Profit before tax	**24,370**	9,090
Theoretical tax at UK corporation tax standard rate of 25.00% (31 March 2024: 25.00%)	**6,093**	2,273
Adjusted for:		
Exempt REIT income	**(3,570)**	(2,898)
Non taxable investment (gains)/losses	**(2,523)**	625
Corporation tax payable	**68**	42
Prior year over accrual	**(42)**	–
Total tax charge	**26**	42

Factors that may affect future tax charges

Due to the Company's status as a REIT and the intention to continue meeting the conditions required to obtain approval as a REIT in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

10. EARNINGS PER SHARE AND NAV PER SHARE

	YEAR ENDED 31 MARCH 2025	YEAR ENDED 31 MARCH 2024
Earnings per share:		
Profit for the year attributable to owners of the company (£'000)	**24,344**	9,048
Weighted average number of shares	**158,424,746**	158,424,746
Earnings per share (basic and diluted) (pence)	**15.37**	5.71
EPRA earnings per share:		
Profit for the year attributable to owners of the company (£'000)	**24,344**	9,048
Adjustment to total profit:		
Change in fair value of investment properties (£'000)	**(6,861)**	4,350
Realised gain on disposal of investment properties (£'000)	**(3,230)**	(1,848)
Total EPRA Earnings (£'000)	**14,253**	11,550
EPRA earnings per share (basic and diluted) (pence)	**9.00**	7.29
Net assets (£'000)	**174,443**	162,752
Ordinary Shares in issue	**158,424,746**	158,424,746
NAV per share (pence)	**110.11**	102.73

Earnings per share ('EPS') amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of Ordinary Shares in issue during the year.

10. EARNINGS PER SHARE AND NAV PER SHARE (CONTINUED)

AS AT 31 MARCH 2025	EPRA NTA £'000	EPRA NRV £'000	EPRA NDV £'000
IFRS NAV attributable to shareholders	174,443	174,443	174,443
Real estate transfer tax and other purchasers' costs[1]	–	13,500	–
Adjustment for the fair value of bank borrowings	–	–	(2,927)
At 31 March 2025	**174,443**	**187,943**	**171,516**
Number of ordinary shares (million)	158,424,746	158,424,746	158,424,746
NAV per share (pence)	**110.11**	**118.63**	**108.26**

AS AT 31 MARCH 2024	EPRA NTA £'000	EPRA NRV £'000	EPRA NDV £'000
IFRS NAV attributable to shareholders	162,752	162,752	162,752
Real estate transfer tax and other purchasers' costs[1]	–	13,906	–
Adjustment for the fair value of bank borrowings	–	–	(4,641)
At 31 March 2024	**162,752**	**176,658**	**158,111**
Number of Ordinary Shares	158,424,746	158,424,746	158,424,746
NAV per share (pence)	**102.73**	**111.51**	**99.80**

1 EPRA Net Tangible Assets ('EPRA NTA') and EPRA Net Disposal Value ('EPRA NDV') as calculated using property values in line with IFRS, where values are net of Real Estate Transfer Tax ('RETT') and other purchasers' costs. RETT and other purchasers' costs are added back when calculating EPRA Net Reinstatement Value ('EPRA NRV') and have been estimated at 6.6% of the net valuation provided by Knight Frank.

11. DIVIDENDS PAID

DIVIDENDS PAID DURING THE YEAR	YEAR ENDED 31 MARCH 2025 £'000	YEAR ENDED 31 MARCH 2024 £'000
Represents four interim dividends of 2.00 pps each	**12,674**	12,674

DIVIDENDS RELATING TO THE YEAR	YEAR ENDED 31 MARCH 2025 £'000	YEAR ENDED 31 MARCH 2024 £'000
Represents four interim dividends of 2.00 pps each	**12,674**	12,674

Dividends paid during the period relate to Ordinary Shares only. The Statement of Cash Flows for dividends paid excludes £266,000 withholding tax which is payable as at 31 March 2025 (31 March 2024: £283,000).

12. INVESTMENT PROPERTY

12.a) Investment property

	31 MARCH 2025			31 MARCH 2024		
	INVESTMENT PROPERTY FREEHOLD £'000	INVESTMENT PROPERTY LEASEHOLD £'000	TOTAL £'000	INVESTMENT PROPERTY FREEHOLD £'000	INVESTMENT PROPERTY LEASEHOLD £'000	TOTAL £'000
UK investment property						
As at beginning of the year	**154,340**	**56,350**	**210,690**	156,325	57,500	213,825
Purchases in the year	**10,533**	**-**	**10,533**	22,984	-	22,984
Capital expenditure in the year	**1,918**	**884**	**2,802**	380	1,771	2,151
Disposals in the year	**(4,750)**	**(22,143)**	**(26,893)**	(24,300)	-	(24,300)
Revaluation of investment property	**6,454**	**959**	**7,413**	(1,049)	(2,921)	(3,970)
Valuation provided by Knight Frank	**168,495**	**36,050**	**204,545**	154,340	56,350	210,690
Adjustment to carrying value for lease incentive debtor			**(4,303)**			(3,751)
Adjustment for lease obligations*			**187**			187
Total investment property			**200,429**			207,126
Classified as:						
Investment property held for sale			**-**			26,086
Investment property			**200,429**			181,040
			200,429			207,126
Change in fair value of investment property						
Change in fair value before adjustments for lease incentives			**7,413**			(3,970)
Adjustment for movement in the year:						
in value of lease incentive debtor			**(552)**			(380)
			6,861			(4,350)
Gains on disposal of the investment property						
Net proceeds from disposals of investment property during the year**			**30,123**			26,148
Fair value at the beginning of period			**(26,893)**			(24,300)
Realised gain on disposal of investment property held for sale			**3,230**			1,848

* Adjustment in respect of minimum payment under head leases separately included as a liability within the Statement of Financial Position

** Net proceeds include deductions for topped up rents and rent-free periods of £1,642,000 (31 March 2024: £555,000).

12. INVESTMENT PROPERTY (CONTINUED)

12.a) Investment property (continued)

Valuation of investment property

Valuation of investment property is performed by Knight Frank LLP, an accredited external independent valuer with recognised and relevant professional qualifications and recent experience of the location and category of the investment property being valued.

The valuation of the Company's investment property at fair value is determined by the external valuer on the basis of market value in accordance with the internationally accepted RICS Valuation – Professional Standards (incorporating the International Valuation Standards).

The determination of the fair value is based upon the income capitalisation approach. This approach involves applying capitalisation yields to current and future rental streams net of income voids arising from vacancies or rent-free periods and associated running costs. These capitalisation yields and estimated rental values are based on comparable property and leasing transactions in the market using the valuer's professional judgement and market observation. Other factors taken into account in the valuations include the tenure of the property, tenancy details, capital values of fixtures and fittings, environmental matter and the overall repair and condition of the property.

12.b) Fair value measurement hierarchy

The following table provides the fair value measurement hierarchy for investments:

	QUOTED PRICES IN ACTIVE MARKETS (LEVEL 1) £'000	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2) £'000	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) £'000	TOTAL £'000
Assets measured at fair value				
31 March 2025				
Investment property	**-**	**-**	**200,429**	**200,429**
31 March 2024				
Investment property	–	–	207,126	207,126

Explanation of the fair value hierarchy:

Level 1 – Quoted prices for an identical instrument in active markets;

Level 2 – Prices of recent transactions for identical instruments and valuation techniques using observable market data; and

Level 3 – Valuation techniques using non-observable data.

There have been no transfers between Level 1 and Level 2 during either year, nor have there been any transfers in or out of Level 3.

12. INVESTMENT PROPERTY (CONTINUED)

12.b) Fair value measurement hierarchy (continued)

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the entity's portfolio of investment property are:

1) ERV

2) Equivalent yield

Increases/(decreases) in the ERV (per sq ft per annum) in isolation would result in a higher/(lower) fair value measurement. Increases/(decreases) in the discount rate/yield in isolation would result in a lower/(higher) fair value measurement.

The significant unobservable inputs used in the fair value measurement, categorised within Level 3 of the fair value hierarchy of the portfolio of investment property are as follows:

		SIGNIFICANT UNOBSERVABLE INPUTS			
SECTOR	FAIR VALUE £'000	ERV RANGE (PER SQ FT PER ANNUM)	WEIGHTED AVERAGE ERV (PER SQ FT PER ANNUM)	EQUIVALENT YIELD RANGE	WEIGHTED AVERAGE EQUIVALENT YIELD RANGE
As at 31 March 2025					
Industrial	**78,600**	**£0.50 - £10.00**	**£4.60**	**6.83% -10.94%**	**8.14%**
Retail	**72,450**	**£4.00 - £94.00**	**£11.74**	**7.09% - 10.88%**	**8.61%**
Alternatives	**28,895**	**£8.50 - £42.43**	**£10.86**	**7.54% - 9.58%**	**8.43%**
Office	**24,600**	**£8.50 - £40.00**	**£21.93**	**8.60% - 8.99%**	**8.81%**
Portfolio*	**204,545**	**£0.50 - £94.00**	**£7.57**	**6.83% - 10.94%**	**8.42%**
As at 31 March 2024					
Industrial	78,720	£0.50 – £10.00	£4.24	6.81% – 10.94%	8.23%
Retail	78,500	£4.00 – £85.00	£11.21	6.93% – 11.34%	8.57%
Alternatives	28,420	£8.00 – £29.60	£12.53	8.57% – 8.92%	8.51%
Office	25,050	£8.50 – £40.00	£21.79	7.60% – 9.77%	8.76%
Portfolio*	210,690	£0.50 – £85.00	£7.23	6.81% – 11.34%	8.45%

* Valuation per Knight Frank LLP.

Where possible, sensitivity of the fair values of Level 3 assets are tested to changes in unobservable inputs against reasonable alternatives.

All gains and losses recorded in the statement of comprehensive income for recurring fair value measurements categorised within Level 3 of the fair value hierarchy, are attributable to changes in unrealised gains or losses relating to investment property held at the end of the reporting year, prior to adjustment for rent-free debtor and rent guarantee debtor, where applicable.

12. INVESTMENT PROPERTY (CONTINUED)

12.b) Fair value measurement hierarchy (continued)

	CHANGE IN ERV		CHANGE IN EQUIVALENT YIELD	
	£'000	£'000	£'000	£'000
Sensitivity analysis	+5%	-5%	+5%	-5%
31 March 2025 **Resulting fair value of investment property**	**213,044**	**196,182**	**194,227**	**215,985**
31 March 2024 Resulting fair value of investment property	219,442	202,048	199,884	222,599

	CHANGE IN ERV		CHANGE IN EQUIVALENT YIELD	
	£'000	£'000	£'000	£'000
Sensitivity analysis	+10%	-10%	+10%	-10%
31 March 2025 **Resulting fair value of investment property**	**221,537**	**187,827**	**184,841**	**228,686**
31 March 2024 Resulting fair value of investment property	228,232	193,461	190,083	235,859

	CHANGE IN ERV		CHANGE IN EQUIVALENT YIELD	
	£'000	£'000	£'000	£'000
Sensitivity analysis	+15%	-15%	+15%	-15%
31 March 2025 **Resulting fair value of investment property**	**230,146**	**179,541**	**176,276**	**242,887**
31 March 2024 Resulting fair value of investment property	237,129	184,959	181,139	250,684

Given the current volatility in the property market, the above levels of sensitivity of unobservable inputs are considered to demonstrate plausible scenarios in the near future and a reasonable resulting range of movement in valuation.

12.c) Real estate risk

The Company has considered the risks specific to its investment property within note 22.2 Financing Management.

13. RECEIVABLES AND PREPAYMENTS

Non Current

	31 MARCH 2025 £'000	31 MARCH 2024 £'000
Receivables		
Lease incentive debtor	**3,956**	3,267
Total	**3,956**	3,267

Current

	31 MARCH 2025 £'000	31 MARCH 2024 £'000
Receivables		
Rent agent float account	**5,635**	2,505
Rent receivable	**1,287**	1,956
Recoverable service charge receivable	**1,156**	1,427
Completion proceeds due on sale of property	**350**	2,175
Other receivables	**251**	989
Recoverable insurance receivable	**166**	1,408
Allowance for expected credit losses	**(459)**	(2,177)
	8,386	8,283
Lease incentive debtor	**347**	484
	8,733	8,767
Property related prepayments	**495**	1,818
Other prepayments	**53**	40
	548	1,858
Total	**9,281**	10,625

The lease incentive debtor recognised from rent smoothing adjustments are not considered to be financial assets as the amounts are not yet contractually due. As such, the requirements of IFRS 9 (including the expected credit loss assessment) are not applicable to these balances. The credit risk associated with the tenant is considered in the determination of the fair value of the related property.

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

13. RECEIVABLES AND PREPAYMENTS (CONTINUED)

Current (continued)

The aged debtor analysis of receivables is as follows:

	31 MARCH 2025 £'000	31 MARCH 2024 £'000
Less than three months	**6,610**	7,797
Between three and six months	**1,776**	486
Total	**8,386**	8,283

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are assessed on an individual tenant-by-tenant basis. The risk of credit loss applied to each tenant is assessed based on information including, but not limited to: external credit ratings; financial statements; press information; previous experience of losses or late payment; discussions with the property manager and the tenant.

The expected loss rates are based on the Company's historical credit losses experienced over the three-year period prior to the year-end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers. The expected credit loss provision as at 31 March 2025 was £0.46 million (31 March 2024: £2.2 million). The reason for the large year-on-year decrease in the expected credit loss provision is due to the write off of the receivables impaired at 31 March 2024 on tenants that had entered administration during the year. No reasonably possible changes in the assumptions underpinning the expected credit loss provision would give rise to a material expected credit loss.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	31 MARCH 2025 £'000	31 MARCH 2024 £'000
Opening provision for impairment of trade receivables	**2,177**	969
(Decrease)/increase during the year	**(338)**	1,552
Unused amounts reversed	**(92)**	(13)
Receivable written off during the year as uncollectible	**-**	(331)
Movement in provision for impairment during the year	**(430)**	1,208
Prior year receivable written off during the year as uncollectible	**(1,288)**	–
	(1,718)	1,208
At the end of the year	**459**	2,177

14. RESTRICTED CASH

	31 MARCH 2025 £'000	31 MARCH 2024 £'000
Restricted cash	**1,790**	–
	1,790	**-**

Following the disposal of Units 1-11, Central Six Retail Park, Coventry, in December 2024, the Company temporarily exceeded an LTV threshold associated with its loan facility. No covenant was breached but £1,790,000 of the disposal proceeds was required to be maintained in a restricted account. This did not meet the policy for being classified as cash and cash equivalents as the Company did not have ready access to utilise the funds.

15. INTEREST BEARING LOANS AND BORROWINGS

	31 MARCH 2025 £'000	31 MARCH 2024 £'000
At the beginning of the period	**60,000**	60,000
Bank borrowings drawn in the period	**-**	-
Bank borrowings repaid in the period	**-**	-
Interest bearing loans and borrowings	**60,000**	60,000
Unamortised loan arrangement fees	**(227)**	(337)
At the end of the year	**59,773**	59,663
Repayable between two and five years	**60,000**	60,000
Undrawn facility at the end of the period	**-**	-
Total facility	**60,000**	60,000

The Company has a £60.00 million credit facility with AgFe, a leading independent asset manager specialising in debt-based investments. As of 31 March 2025, the Company had utilised £60.00 million (31 March 2024: £60.00 million). The loan is a fixed rate loan with a total interest cost of 2.959% and has a 5 year term maturing in May 2027.

The Company has a target gearing of 35% Loan to NAV. As at 31 March 2025, the Company's gearing was 34.40% Loan to NAV (31 March 2024: 36.87%).

Borrowing costs associated with the credit facility are shown as finance costs in note 8 to these financial statements.

	31 MARCH 2025	31 MARCH 2024
Facility	**£60.00 million**	£60.00 million
Drawn	**£60.00 million**	£60.00 million
Loan at fair value	**£57.07 million**	£55.36 million
Gearing (Loan to GAV)	**25.01%**	28.97%
Gearing (Loan to NAV)	**34.40%**	36.87%
Interest rate	**2.959% fixed**	2.959% fixed
Notional Value of Loan Balance Hedged	**N/A**	N/A

15. INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

Reconciliation to cash flows from financing activities

	31 MARCH 2025 £'000	31 MARCH 2024 £'000
Balance at beginning of year	**59,663**	59,553
Changes from financing cash flows		
Interest paid	**(1,810)**	(1,793)
Total changes from financing cash flows	**(1,810)**	(1,793)
Other changes		
Amortisation of loan arrangement fees	**127**	127
Interest expense	**1,776**	1,780
Other loan expenses	**12**	–
Changes in loan interest payable	**5**	13
Release of prepaid arrangement fee	**–**	(17)
Total other changes	**1,920**	1,903
Balance at the end of the year	**59,773**	59,663

16. PAYABLES AND ACCRUED EXPENSES

	31 MARCH 2025 £'000	31 MARCH 2024 £'000
Deferred income	3,991	5,403
Other creditors	1,423	2,070
Accruals	1,257	1,199
Recoverable service charge payable	266	278
Recoverable insurance payable	109	863
Total	**7,046**	9,813

17. LEASE OBLIGATIONS AS LESSEE

Leases as lessee are capitalised at the lease's commencement at the present value of the minimum lease payments. The present value of the corresponding rental obligations are included as liabilities.

The following table analyses the minimum lease payments under non-cancellable leases:

	31 MARCH 2025 £'000	31 MARCH 2024 £'000
Current	**13**	13
Non Current	**174**	174
Total	**187**	187

18. OPERATING LEASES

Operating lease commitments - as lessor

The Company has entered into commercial property leases on its investment property portfolio. These non-cancellable leases have a remaining term of between zero and 24 years.

Future minimum rentals receivable under non-cancellable operating leases as at 31 March 2025 are as follows:

	31 MARCH 2025 £'000	31 MARCH 2024 £'000*
Within one year	**16,205**	17,367
After one year but not more than two years	**13,369**	14,435
After two years but not more than three years	**9,138**	11,507
After three years but not more than four years	**6,859**	7,163
After four years but not more than five years	**6,272**	5,220
More than five years	**21,708**	20,762
Total	**73,551**	76,454

* The comparatives have been restated to correct the calculation of future minimum lease rental receivables.

During the year ended 31 March 2025, there were contingent rents totalling £526,000 (year ended 31 March 2024: £400,233) recognised as income.

19. INVESTMENT IN SUBSIDIARY

The Company has a wholly-owned subsidiary, AEW UK REIT 2015 Limited:

NAME AND COMPANY NUMBER	COUNTRY OF REGISTRATION AND INCORPORATION	PRINCIPAL ACTIVITY	ORDINARY SHARES HELD
AEW UK REIT 2015 Limited (Company number 09524699)	England and Wales	Dormant	100%

AEW UK REIT 2015 Limited is a subsidiary of the Company incorporated in the UK on 2 April 2015. At 31 March 2025, the Company held one share, being 100% of the issued share capital. AEW UK REIT 2015 Limited is dormant and the cost of the subsidiary is £0.01 (31 March 2024: £0.01). The registered office of AEW UK REIT 2015 Limited is 19th Floor, 51 Lime Street, London EC3M 7DQ.

20. ISSUED SHARE CAPITAL

	31 MARCH 2025		31 MARCH 2024	
	£'000	NUMBER OF ORDINARY SHARES	£'000	NUMBER OF ORDINARY SHARES
Ordinary Shares (nominal value £0.01 per share) authorised, issued and fully paid				
At the beginning of the year	**1,587**	**158,774,746**	1,587	158,774,746
At the end of the year	**1,587**	**158,774,746**	1,587	158,774,746
Treasury Shares				
At the beginning of the year	**(265)**	**350,000**	(265)	350,000
At the end of the year	**(265)**	**350,000**	(265)	350,000
Total Ordinary Share capital excluding treasury shares	**1,587**	**158,424,746**	1,587	158,424,746

The allotted, called up and fully paid shares at 31 March 2025 consisted of 158,424,746 Ordinary Shares.

21. SHARE PREMIUM ACCOUNT

	31 MARCH 2025 £'000	31 MARCH 2024 £'000
The share premium relates to amounts subscribed for share capital in excess of nominal value:		
Balance at the beginning of the year	**56,578**	56,578
Balance at the end of the year	**56,578**	56,578

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

22.1 Financial assets and liabilities

The Company's principal financial assets and liabilities are those derived from its operations: receivables and prepayments, cash and cash equivalents and payables and accrued expenses. The Company's other principal financial liabilities are interest bearing loans and borrowings, the main purpose of which is to finance the acquisition and development of the Company's property portfolio.

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the financial statements.

	31 MARCH 2025		31 MARCH 2024	
	BOOK VALUE £'000	FAIR VALUE £'000	BOOK VALUE £'000	FAIR VALUE £'000
Financial assets				
Receivables[1]	**8,386**	**8,386**	8,283	8,283
Cash and cash equivalents	**25,993**	**25,993**	11,397	11,397
Other financial assets held at fair value	**-**	**-**	-	-
Financial liabilities				
Interest bearing loans and borrowings	**59,773**	**57,073**	59,663	55,359
Payables and accrued expenses[2]	**2,530**	**2,530**	3,886	3,886
Lease obligations	**187**	**187**	187	187

1 Excludes lease incentive debtor and prepayments.
2 Excludes tax, VAT liabilities and deferred income.

All other financial assets and financial liabilities are measured at amortised cost. All financial instruments were designated in their current categories upon initial recognition.

Fair value measurement hierarchy has not been applied to those classes of asset and liability stated above which are not measured at fair value in the financial statements. The difference between the fair value and book value of these items is not considered to be material.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

22.2 Financing management

The Company's activities expose it to a variety of financial risks: market risk, real estate risk, credit risk and liquidity risk.

The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls.

The principal risks facing the Company in the management of its portfolio are as follows:

Market price risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices. The financial instruments held by the Company that are affected by market risk are principally the Company's cash balances and bank borrowings.

The Company entered into a fixed rate 5 year loan with AgFe in May 2022, with a total interest cost of 2.959% mitigating the market risk associated with bank borrowings.

Real estate risk

Real estate risk is the risk that future values of investments in direct property and related property investments will fluctuate due to changes in market prices. To manage market price risk, the Company diversifies its portfolio geographically in the United Kingdom and across property sectors.

The disciplined approach to the purchase, sale and asset management ensures that the value is maintained to its maximum potential. Prior to any property acquisition or sale, detailed research is undertaken to assess expected future cash flow. The Investment Management Committee of the Investment Manager meets twice monthly and reserves the ultimate decision with regards to investment purchases or sales. In order to monitor property valuation fluctuations, the Investment Manager meets with the independent external valuer on a regular basis. The valuer provides a property portfolio valuation quarterly, so any movements in the value can be accounted for in a timely manner and reflected in the NAV every quarter.

Property investments are illiquid assets and can be difficult to sell, especially if local market conditions are poor. Illiquidity may also result from the absence of an established market for investments, as well as legal or contractual restrictions on resale of such investments. In addition, property valuation is inherently subjective due to the individual characteristics of each property, and thus, coupled with illiquidity in the markets, makes the valuation in the investment property difficult and inexact.

No assurances can be given that the valuations of properties will be reflected in the actual sale prices even where such sales occur shortly after the relevant valuation date.

There can be no certainty regarding the future performance of any of the properties acquired for the Company. The value of any property can go down as well as up. Property and property-related assets are inherently subjective as regards value due to the individual nature of each property. As a result, valuations are subject to uncertainty.

Real property investments are subject to varying degrees of risk. The yields available from investments in real estate depend on the amount of income generated and expenses incurred from such investments.

There are additional risks in vacant, part vacant, redevelopment and refurbishment situations, although these are not prospective investments for the Company.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

22.3 Credit risk

Credit risk is the risk that the counterparty (to a financial instrument) or tenant (of a property) will cause a financial loss to the Company by failing to meet a commitment it has entered into with the Company.

It is the Company's policy to enter into financial instruments with reputable counterparties. All cash deposits are placed with approved counterparties, The Royal Bank of Scotland International Limited which has an A3 long term credit rating and MUFG Corporate Markets Treasury Limited which has an A1 long term credit rating.

In respect of property investments, in the event of a default by a tenant, the Company will suffer a rental shortfall and additional costs concerning re-letting the property. The Investment Manager monitors tenant arrears in order to anticipate and minimise the impact of defaults by occupational tenants.

The table below shows the Company's exposure to credit risk:

	AS AT 31 MARCH 2025 £'000	AS AT 31 MARCH 2024 £'000
Receivables (excluding incentives and prepayments)	**8,386**	8,283
Cash and cash equivalents	**25,593**	11,397
Total	**33,979**	19,680

Liquidity risk

Liquidity risk arises from the Company's management of working capital, the finance charges and principal repayments on its borrowings. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due, as the majority of the Company's assets are investment properties and therefore not readily realisable. The Company's objective is to ensure it has sufficient available funds for its operations and to fund its capital expenditure. This is achieved by continuous monitoring of forecast and actual cash flows by management.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

31 MARCH 2025	ON DEMAND £'000	< 3 MONTHS £'000	3-12 MONTHS £'000	1-5 YEARS £'000	> 5 YEARS £'000	TOTAL £'000
Interest bearing loans and borrowings	**-**	**443**	**1,333**	**61,974**	**-**	**63,750**
Payables and accrued expenses	**-**	**2,530**	**-**	**-**	**-**	**2,530**
Lease obligation	**-**	**-**	**14**	**56**	**1,708**	**1,778**
	-	**2,973**	**1,347**	**62,030**	**1,708**	**68,058**

31 MARCH 2024	ON DEMAND £'000	< 3 MONTHS £'000	3-12 MONTHS £'000	1-5 YEARS £'000	> 5 YEARS £'000	TOTAL £'000
Interest bearing loans and borrowings	–	443	1,333	63,750	–	65,526
Payables and accrued expenses	–	3,886	–	–	–	3,886
Lease obligation	–	–	14	56	1,708	1,778
	–	4,329	1,347	63,806	1,708	71,190

23. CAPITAL MANAGEMENT

The primary objectives of the Company's capital management are to ensure that it continues to qualify for UK REIT status and complies with its banking covenants.

To enhance returns over the medium term, the Company utilises borrowings on a limited recourse basis for each investment or all or part of the total portfolio. The Company's policy is to target a borrowing level of 35.00% Loan to NAV.

Alongside the Company's borrowing policy, the Directors intend, at all times, to conduct the affairs of the Company so as to enable the Company to qualify as a REIT for the purposes of Part 12 of the CTA 2010 (and the regulations made thereunder). The REIT status compliance requirements include: 90% distribution test, interest cover ratio and 75% assets test, all of which the Company remained compliant with in this reporting year.

The monitoring of the Company's level of borrowing is performed primarily using a Loan to Value ratio and is reported to the lender on a quarterly basis against the financial covenants of the facility. At the year-end, the Company had a Loan to Value ratio of 33.87% (31 March 2024: 31.99%).

Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. During the year under review, the Company did not breach any of its loan covenants, nor did it default on any of its other obligations under its loan agreements.

24. TRANSACTIONS WITH RELATED PARTIES

As defined by IAS 24 Related Parties Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

For the year ended 31 March 2025, the Directors of the Company are considered to be the key management personnel. Details of amounts paid to Directors for their services can be found within note 6, Directors' remuneration and the Director's remuneration report on page 68. During the year the Directors who served in the year received £3,498 gross in dividend payments (31 March 2024: £47,765).

AEW UK Investment Management LLP is the Company's Investment Manager and has been appointed as AIFM. Under the terms of the Investment Management Agreement, the Investment Manager is responsible for the day-to-day discretionary management of the Company's investments subject to the investment objective and investment policy of the Company and the overall supervision of the Directors.

The Investment Manager is entitled to receive a quarterly management fee in respect of its services calculated at the rate of one-quarter of 0.9% of the prevailing NAV (excluding uninvested proceeds from fundraisings).

During the year, the Company incurred £1,379,246 (31 March 2024: £1,391,335) in respect of investment management fees and expenses, of which £335,510 (31 March 2024: £339,647) was outstanding as at 31 March 2025.

25. SEGMENTAL INFORMATION

The Board of Directors retains overall control of the Company but the Investment Manager (AEW UK Investment Management LLP) has certain authorities and fulfils the function of allocating resource to, and assessing the performance of the Company's operating segments and is therefore considered to be the Chief Operating Decision Maker ('CODM'). In accordance with IFRS 8, the Company considers each of its properties to be an individual operating segment. The CODM allocates resources, and reviews the performance of, the Company's portfolio on a property-by-property basis and discrete financial information is available for each individual property.

These operating segments have similar economic characteristics and, as such, are aggregated into one reporting segment, being investment in property and property-related investments in the UK.

26. EVENTS AFTER REPORTING DATE

Dividend

On 1 May 2025, the Board declared its fourth interim dividend of 2.00 pps in respect of the period from 1 January 2025 to 31 March 2025. This was paid on 30 May 2025, to shareholders on the register as at 9 May 2025. The ex-dividend date was 8 May 2025.

Investment Property Purchase

In June 2025, the Company completed on the purchase of Freemans Leisure Park, Leicester, for £11.15 million.

Additional Information

Invested.
In every square metre.

Bath, Northgate House

EPRA Unaudited Performance Measures

EPRA disclosures are widely used across the listed property sector and, as such, have been presented below to aid comparison with other companies in this sector.

Detailed below is a summary table showing the EPRA performance measures of the Company.

All EPRA performance measures have been calculated in line with EPRA Best Practices Recommendations Guidelines which can be found at www.epra.com.

MEASURE AND DEFINITION	PURPOSE	PERFORMANCE
1. EPRA Earnings Earnings for operational activities.	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.	£14.25 million/9.00 pps EPRA earnings for year to 31 March 2025 (31 March 2024: £11.55 million/7.29 pps)
2. EPRA Net Tangible Assets ('NTA') Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.	The EPRA NAV set of metrics make adjustments to the NAV per the IFRS financial statements to provide stakeholders with the most relevant information on the fair value of the assets and liabilities of a real estate investment company, under different scenarios.	£174.44 million/110.11 pps EPRA NTA as at 31 March 2025 (31 March 2024: £162.75 million/102.73 pps)
3. EPRA Net Reinstatement Value ('NRV') Assumes that entities never sell assets and aims to represent the value required to rebuild the entity.		£187.94 million/118.63 pps EPRA NRV as at 31 March 2025 (31 March 2024: £176.66 million/111.51 pps)
4. EPRA Net Disposal Value ('NDV') Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.		£171.52 million/108.26 pps EPRA NDV as at 31 March 2025 (31 March 2024: £158.11 million/99.80 pps)
5. EPRA Net Initial Yield ('NIY') Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.	A comparable measure for portfolio valuations. This measure should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y.	7.97% EPRA NIY as at 31 March 2025 (31 March 2024: 8.02%)
6. EPRA 'Topped-Up' NIY This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).	A comparable measure for portfolio valuations. This measure should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y.	8.19% EPRA 'Topped-Up' NIY as at 31 March 2025 (31 March 2024: 8.30%)

MEASURE AND DEFINITION	PURPOSE	PERFORMANCE
7. EPRA Vacancy Rate Estimated Market Rental Value ('ERV') of vacant space divided by ERV of the whole portfolio.	A 'pure' (%) measure of investment property space that is vacant, based on ERV.	7.50% EPRA Vacancy Rate as at 31 March 2025 (31 March 2024: 6.38%)
8. EPRA Cost Ratio Administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income.	A key measure to enable meaningful measurement of the changes in a company's operating costs.	24.05% EPRA Cost Ratio (including direct vacancy costs) as at 31 March 2025 (31 March 2024: 34.57%) 12.90% EPRA Cost Ratio (excluding direct vacancy costs) as at 31 March 2025 (31 March 2024: 26.67%)
9. EPRA Capital Expenditure Property which has been held at both the current and comparative balance sheet dates for which there has been no significant development.	A measure used to illustrate change in comparable capital values.	£13.34 million for the year ended 31 March 2025 (31 March 2024: £25.13 million)
10. EPRA Like-for-like Rental (Reduction)/Growth Net growth generated by assets which were held by the Company throughout both the current and comparable periods which there has been no significant development which materially impacts upon income.	A measure used to illustrate change in comparable income values.	£(0.24) million/(1.58)% for the year ended 31 March 2025 (31 March 2024: £0.48 million/ 3.39%)
11. EPRA Loan to Value Debt divided by the market value of property.	A measure to assess the gearing of shareholder equity of a real estate company.	15.29% for the year ended 31 March 2025 (31 March 2024: 22.63%)

CALCULATION OF EPRA NTA, EPRA NRV AND EPRA NDV

The Company considers EPRA NTA to be the most relevant NAV measure for the Company and we are now reporting this as our primary NAV measure, replacing our previously reported EPRA NAV and EPRA NNAV per share metrics. EPRA NTA excludes the cumulative fair value adjustments for debt-related derivatives which are unlikely to be realised.

AS AT 31 MARCH 2025	EPRA NTA £'000	EPRA NRV £'000	EPRA NDV £'000
IFRS NAV attributable to shareholders	**174,443**	**174,443**	**174,443**
Real estate transfer tax and other purchasers costs[1]	**-**	**13,500**	**-**
Adjustment for the fair value of bank borrowings	**-**	**-**	**(2,927)**
At 31 March 2025	**174,443**	**187,943**	**171,516**
Number of ordinary shares ('000)	**158,424,746**	**158,424,746**	**158,424,746**
NAV per share (pence)	**110.11**	**118.63**	**108.26**

AS AT 31 MARCH 2024	EPRA NTA £'000	EPRA NRV £'000	EPRA NDV £'000
IFRS NAV attributable to shareholders	162,752	162,752	162,752
Real estate transfer tax and other purchasers' costs[1]	–	13,906	–
Adjustment for the fair value of bank borrowings	–	–	(4,641)
At 31 March 2024	162,752	176,658	158,111
Number of Ordinary Shares ('000)	158,424,746	158,424,746	158,424,746
NAV per share (pence)	**102.73**	**111.51**	**99.80**

1 EPRA NTA and EPRA NDV are calculated using property values in line with IFRS, where values are net of Real Estate Transfer Tax (RETT) and other purchasers' costs. RETT and other purchasers' costs are added back when calculating EPRA NRV, and have been estimated at 6.6% of the net valuation provided by Knight Frank.

CALCULATION OF EPRA NET INITIAL YIELD ('NIY') AND EPRA 'TOPPED-UP' NIY

	YEAR ENDED 31 MARCH 2025 £'000	YEAR ENDED 31 MARCH 2024 £'000
Investment property – wholly-owned	**204,545**	210,690
Allowance for estimated purchasers' costs at 6.6%	**13,500**	13,906
Grossed-up completed property portfolio valuation (B)	**218,045**	**224,596**
Annualised cash passing rental income	**17,861**	18,694
Property outgoings	**(475)**	(674)
Annualised net rents (A)	**17,386**	**18,020**
Rent from expiry of rent-free periods and fixed uplifts*	**466**	612
'Topped-up' net annualised rent (C)	**17,852**	**18,632**
EPRA NIY (A/B)	**7.97%**	**8.02%**
EPRA 'topped-up' NIY (C/B)	**8.19%**	**8.30%**

* Rent-free periods expire by September 2025.

EPRA NIY BASIS OF CALCULATION

EPRA NIY is calculated as the annualised net rent, divided by the grossed-up value of the completed property portfolio valuation.

The valuation of the grossed-up completed property portfolio is determined by the Company's external valuers as at 31 March 2025, plus an allowance for estimated purchaser's costs. Estimated purchaser's costs are determined by the relevant stamp duty liability, plus an estimate by our valuers of agent and legal fees on notional acquisition. The net rent deduction allowed for property outgoings is based on the Company's valuers' assumptions on future recurring non-recoverable revenue expenditure.

In calculating the EPRA 'topped-up' NIY, the annualised net rent is increased by the total contracted rent from expiry of rent-free periods and future contracted rental uplifts.

CALCULATION OF EPRA VACANCY RATE

	YEAR ENDED 31 MARCH 2025 £'000	YEAR ENDED 31 MARCH 2024 £'000
Annualised potential rental value of vacant premises (A)	**1,498**	1,334
Annualised potential rental value for the complete property portfolio (B)	**19,974**	20,912
EPRA Vacancy Rate (A/B)	**7.50%**	6.38%

CALCULATION OF EPRA COST RATIOS

	YEAR ENDED 31 MARCH 2025 £'000	YEAR ENDED 31 MARCH 2024 £'000
Administrative/operating expense per IFRS income statement	**4,543**	6,912
Less: ground rent costs	**(11)**	(56)
EPRA costs (including direct vacancy costs) (A)	**4,532**	6,856
Direct vacancy costs (see Glossary on page 155 for further details)	**(2,101)**	(1,567)
EPRA costs (excluding direct vacancy costs) (B)	**2,431**	5,289
Gross rental income less ground rent costs (C)	**18,843**	19,832
Gross Rental Income (C)	**18,843**	19,832
EPRA Cost Ratio (including direct vacancy costs) (A/C)	**24.05%**	34.57%
EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	**12.90%**	26.67%

The Company has not capitalised any overhead or operating expenses in the accounting years disclosed above.

Only costs directly associated with the purchase or construction of properties as well as all subsequent value-enhancing capital expenditure are capitalised.

LIKE-FOR-LIKE RENTAL GROWTH

The table below sets out the like-for-like for rental growth of the portfolio, by sector, in accordance with EPRA Best Practices Recommendations.

SECTOR	RENTAL INCOME FROM LIKE-FOR-LIKE PORTFOLIO 2025 £M	RENTAL INCOME FROM LIKE-FOR-LIKE PORTFOLIO 2024 £M	LIKE-FOR-LIKE RENTAL GROWTH £M	LIKE-FOR-LIKE RENTAL GROWTH %
Alternatives	**2.09**	2.01	0.08	3.98
High Street Retail	**3.33**	3.71	(0.38)	(10.24)
Industrial	**6.05**	6.22	(0.17)	(2.73)
Office	**1.10**	1.18	(0.08)	(6.78)
Retail Warehouse	**2.42**	2.11	0.31	14.69
Total	**14.99**	15.23	(0.24)	(1.58)

The like-for-like rental growth is based on changes in rental income for those properties which have been held for the duration of both the current and comparative reporting. This represents a portfolio valuation, as assessed by the valuer of £194.70 million (31 March 2024: £183.84 million).

CAPITAL EXPENDITURE

The table below sets out the capital expenditure of the portfolio in accordance with EPRA Best Practice Recommendations.

SECTOR	2025 £'000	2024 £'000
Acquisitions	**10,533**	23,214
Investment properties – no incremental lettable space	**2,802**	1,921
Total purchases and capital expenditure	**13,335**	25,135

EPRA LOAN TO VALUE

The table below sets out the loan to net value in accordance with EPRA Best Practice Recommendations:

EPRA LOAN-TO-VALUE	31 MARCH 2025 £'000	31 MARCH 2024 £'000
Borrowings from financial institutions	**60,000**	60,000
Cash and cash equivalents	**(25,993)**	(11,397)
Restricted cash	**(1,790)**	–
EPRA Net debt (A)	**32,217**	48,603
Investment properties at fair value	**204,545**	210,690
Net receivables	**6,191**	4,079
Total property value (B)	**210,736**	214,769
EPRA LTV (A/B)	**15.29%**	22.63%
Net receivables comprises		
Receivables and prepayments	**13,237**	13,892
Payables and accrued expenses	**(7,046)**	(9,813)
Total	**6,191**	4,079

EPRA Sustainability Performance Measures (unaudited)

The Company has chosen to disclose sustainability information where material in accordance with EPRA Sustainability Best Practice Recommendations (4th Edition).

EPRA use the following 28 performance measures as indicated, by code, in the table below:

CODE	PERFORMANCE MEASURE
ENVIRONMENTAL	
Elec-Abs	Total electricity consumption
Elec-LfL	Like-for-like total electricity consumption
DH&C-Abs	Total district heating and cooling consumption
DH&C-LfL	Like-for-like district heating and cooling consumption
Fuels-Abs	Total fuel consumption
Fuels-LfL	Like-for-like total fuel consumption
Energy-LfL	Building energy intensity
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions
GHG-Int	Greenhouse gas (GHG) emissions intensity from buildings
Water-Abs	Total water consumption
Water-LfL	Like-for-like total water consumption
Water-Int	Building water intensity
Waste-Abs	Total weight of waste by disposal route
Waste-LfL	Like-for-like total weight of waste by disposal route
Cert-Tot	Type and number of sustainably certified assets
SOCIAL	
Diversity-Emp	Employee gender diversity
Diversity-Pay	Gender pay ratio
Emp-Training	Employee training and development
Emp-Dev	Employee performance appraisals
Emp-Turnover	New hires and turnover
H&S-Emp	Employee Health and Safety
H&S-Asset	Asset Health and Safety assessments
H&S-Comp	Asset Health and Safety compliance
Comty-Eng	Community engagement, impact assessment and development programs
GOVERNANCE	
Gov Board	Composition of the highest governance body
Gov Selec	Process for nominating and selecting the highest governance body
Gov CoI	Process for managing conflicts of interest

SUSTAINABILITY PERFORMANCE MEASURES (ENVIRONMENTAL)

The Company has chosen to report GHG emissions using the 'Operational Control' approach for its reporting boundary (as opposed to financial control' or 'equity share'). 'Operational control' has been selected as the reporting boundary as this reflects the portion of the portfolio where the Company can influence operational procedures and, ultimately, sustainability performance. The operational control approach is the most commonly applied within the industry. This boundary includes owned assets where the Company, acting as the landlord, is directly responsible for electricity and/or gas supplies and/or has control of air conditioning equipment.

The following sources of emissions have been considered as part of this review:

Scope 1

- Direct emissions from controlled gas boilers (converted from kWh usage)
- Fugitive emissions from air conditioning systems under landlord control (converted from kg refrigerant releases). The Company's property manager, Mapp, have confirmed that no fugitive emission (through refrigerant gases) were reported in 2024/25
- Business travel through company owned vehicles (not relevant as the Company does not own any vehicles)

Scope 2

- Indirect emissions from electricity purchased by the Company and consumed within real estate assets owned by the Company (converted from kWh usage)
- Greenhouse Gas (GHG) emissions from electricity (Scope 2) are reported according to the 'location-based' approach

As a property company, the majority of the Company's emissions arise through assets that are owned and leased. At multi-let properties, the Company, acting as the landlord, has control and influence over the whole building and/or shared services (including refrigerant leakage), external lighting and void spaces. In this reporting year, the Company was responsible for Scope 1 and/or Scope 2 emissions at the following assets:

ASSET NAME	SECTOR	SCOPE 1 – GAS	SCOPE 2 – ELECTRICITY	INCLUDED IN LIKE-FOR-LIKE
40 Queen Square	Office	Yes	Yes	Yes
69-75 Above Bar Street	Retail	Yes	Yes	Yes
11/15 Fargate	Retail	No	Yes	No
Barnstaple Retail Park	Retail Warehouse	No	Yes	No
Diamond Business Park	Industrial	Yes	Yes	Yes
Apollo Business Park	Industrial	Yes	Yes	Yes
London East Leisure 1	Leisure	No	Yes	Yes
15-33 Union Street	Retail	No	Yes	No
Railway Station Centre	Retail	No	Yes	No
Central Six Retail Park	Retail Warehouse	Yes	Yes	No
Westlands Distribution Park	Industrial	No	Yes	Yes
Arrow Point Retail Park	Retail Warehouse	No	Yes	No
Northgate House	Office	No	Yes	No
13, 13a High St, 114-123 Bancroft and 3-4 Portmill Lane, Hitchin	Retail	No	Yes	No
25 George Hudson Street, York	Retail/Office	Yes	Yes	No
Pearl House, Nottingham	Retail	No	Yes	Yes

Emission sources listed in the above table relate to the managed portfolio only and the following sources of energy consumption within each sector:

- Office; Whole building and common areas (1 asset)
- Retail; Whole building, tenant space and common areas
- Retail Warehouse; Tenant space and external lighting
- Leisure; External lighting, tenant space and common areas
- Industrial; Tenant space, common areas and external lighting

EMISSIONS OUTSIDE OF OPERATIONAL CONTROL

The Company was not responsible for emissions from gas and/or electricity use at any other owned asset or for head office operations.

The Company is not directly responsible for any GHG emissions/energy usage at single let/FRI assets nor at multi-let assets where the tenant is counterparty to the energy contract. As these emissions are outside of our direct control, they form part of our wider value chain (i.e. 'Scope 3') emissions, which are not monitored at present.

WATER CONSUMPTION AND WASTE PRODUCTION

Alongside GHG emissions/energy usage, the Company has chosen to report water and waste consumption of assets where the Company, acting as the landlord, is directly responsible for them.

ASSET NAME	SECTOR	WATER	WASTE
40 Queen Square	Office	Yes	Yes
Barnstaple Retail Park	Retail	Yes	No
Diamond Business Park	Industrial	Yes	Yes
London East Leisure 1	Leisure	Yes	No
Railway Station Centre	Retail	Yes	No
Westlands Distribution Park	Industrial	Yes	No
Central Six Retail Park	Retail Warehouse	No	Yes
69-75 Above Bar Street	Retail	Yes	Yes

Intensity Ratios

In addition to reporting relevant absolute GHG emissions (per scope and per sector), the Company has chosen to report intensity ratios, where appropriate.

The denominator determined to be most relevant to the business is metres squared of the area served by the meter. The intensity ratio is expressed as kilograms carbon dioxide equivalent per metre square (of area served by the meter) per year, or, kg $CO_2e/m^2/yr$.

Like-for-like intensity ratios have only been determined on relevant emissions, where each of the following conditions is met:

- An asset was in ownership for 24 months from 1 April 2023 to 31 March 2025
- No major renovation or refurbishment has taken place i.e. affecting more than 50% of the building by area or number of occupants
- At least 12 months data is available at meter level in both years

Assets excluded from the like-for-like analysis include:

- Northgate House
- Units A-H Arrowpoint Retail Park
- 13, 13a High St, 114-123 Bancroft and 3-4 Portmill Lane, Hitchin

Assets disposed during the 2023/2024 reporting period and are therefore excluded from any 2024/2025 absolute and like-for-like data, but are included in 2023/2024 absolute figures:

- Pricebusters Building
- 208-220 Commercial Road and 7-13 Crasswell Street

Company Targets

GHG Reporting Guidelines recommend establishing a target as a matter of good practice. Energy targets are typically measured via changes to KWh usage and/or greenhouse gas emissions (in the form of carbon dioxide equivalent) compared to a baseline. Energy targets help:

- Support identification of asset improvement opportunities
- Drive improvements in operational efficiency (and potentially lower costs)
- Futureproof asset against increased legislation and ‘brown discounting’ (on sale)
- Support overall good asset management
- Support GRESB

The Company has established absolute targets for energy, greenhouse gas emissions and waste covering the whole portfolio based on a 2018 baseline. The targets are outlined below:

- Energy consumption: 40% reduction in absolute energy by 2030 based on the 2018 baseline
- GHG emissions: 40% reduction in absolute energy by 2030 based on the 2018 baseline
- Waste: 100% waste diverted from landfill was achieved by 2020. The fund aims to maintain this target

Environmental information in this report has been provided by EVORA Global, retained sustainability and energy management consultants to the Investment Manager.

EVORA’s consultant statement is included below:

EVORA Global Limited has been appointed by the Company to collate and report energy consumption data, greenhouse gas (GHG) emissions, water and waste data presented within this report.

METHODOLOGY

Utility data is reported to EVORA by the Company’s property manager (MAPP) based on invoiced data. For the first time, EVORA, acting on behalf of AEW, has collected electricity and gas from the National Database via Perse and Electralink.

EVORA checked the Sustainability Performance Data using our proprietary software tool SIERA. In summary, the following steps were applied:

Step 1: Confirmation of asset set up (data coverage and responsibility for procurement)

Step 2: Input of asset characteristics and utility data (e.g. energy kWh)

Step 3: Initial data reliability checks were performed in the SIERA tool to identify:

- Consumption/tonnage data gaps
- Periods of overlapping consumption/tonnage data
- Significant consumption/tonnage variance between comparable periods

Step 4: Check of data and results utilising the inbuilt function of SIERA with specialist EVORA consultant review. Like-for-like analysis was used to assess, review and quantify year-on year performance changes. Variances of -/+ 10% were identified and reviewed by EVORA consultants.

ABOUT EVORA

EVORA is an independent, pan-European sustainability consultancy and software provider, specialising in the commercial real estate sector.

Jamie Anderson
Consultant, EVORA Global Ltd

26 June 2025

ELECTRICITY CONSUMPTION (ELEC-ABS, ELEC-LFL)

The table below sets out the like-for-like landlord obtained energy consumption from the Company's managed portfolio by sector.

	UNIT	INDICATOR	ABSOLUTE 2023/2024	ABSOLUTE 2024/2025	LIKE-FOR-LIKE 2023/2024	LIKE-FOR-LIKE 2024/2025	% CHANGE
Office	MWh	Total landlord-obtained electricity	267.75	256.54	268	257	-4.19
	%	Proportion of landlord obtained electricity from renewable sources	100%	100%	–	–	–
Retail	MWh	Total landlord-obtained electricity	765.14	477.08	76	83	9.13
	%	Proportion of landlord obtained electricity from renewable sources	36%	15%	–	–	–
Logistics	MWh	Total landlord-obtained electricity	1,188.38	1,206.56	1,188	1,207	1.53
	%	Proportion of landlord obtained electricity from renewable sources	100%	100%	–	–	–
Leisure	MWh	Total landlord-obtained electricity	313.51	313.26	12	12	-0.10
	%	Proportion of landlord obtained electricity from renewable sources	11%	11%	–	–	–
Other	MWh	Total landlord-obtained electricity	259.32	291.13	113	145	28.50
	%	Proportion of landlord obtained electricity from renewable sources	44%	50%	–	–	–
Total	**MWh**	**Total landlord-obtained electricity**	**2,794.10**	**2,544.57**	**1,657**	**1,703**	**2.78**
	%	**Proportion of landlord obtained electricity from renewable sources**	**67%**	**67%**	–	–	–

	UNIT	INDICATOR	2023/2024	2024/2025
Total	%	**Solar Photovoltaic**	**6%**	**2%**
	%	**Wind turbine**	**35%**	**9%**
	%	**Nuclear**	**17%**	**5%**
	%	**Hydroelectric technology**	**3%**	**1%**
	%	**Coal**	**2%**	**0%**

For 2023/2024, 31.69% of data was estimated, and for 2024/2025 31.66% of data was estimated.

Absolute electricity disclosures account for 18 assets. 15 assets are included in LfL analysis.

The Company does not have any responsibility over any managed assets that consume energy from district heating or district cooling sources. Therefore, the EPRA sBPR DH&C-Abs indicator is not applicable and not presented in this report.

FUEL CONSUMPTION (FUELS-ABS, FUELS-LFL)

The table below sets out the absolute, like-for-like and intensity of the GHG emissions per sector and for the Company overall.

	UNIT	INDICATOR	ABSOLUTE 2023/2024	ABSOLUTE 2024/2025	LIKE-FOR-LIKE 2023/2024	LIKE-FOR-LIKE 2024/2025	% CHANGE
Office	MWh	Total landlord-obtained fuels	0	0	0	0	0.00%
	%	Natural Gas	–	–	–	–	–
Retail	MWh	Total landlord-obtained fuels	867.60	591.31	196	121	-38.00%
	%	Natural Gas	100.0%	100.0%	–	–	–
Logistics	MWh	Total landlord-obtained fuels	1051.14	911.69	1,051	912	-13.27%
	%	Natural Gas	100.0%	100.0%	–	–	–
Leisure	MWh	Total landlord-obtained fuels	0	0	0	0	0.00%
	%	Natural Gas	–	–	–	–	–
Other	MWh	Total landlord-obtained fuels	887.53	1551.05	0	0	0.00%
	%	Natural Gas	100.0%	100.0%	–	–	–
Total	**MWh**	**Total landlord-obtained fuels**	**2806.27**	**3054.05**	**1,247**	**1,033**	**-17.15%**
	%	**Natural Gas**	**100.0%**	**100.0%**	**-**	**-**	**-**

100% of landlord procured fuels are sourced from Natural Gas. The company does not consume, for example, bioenergy such as wood pellets or bio-propane. For 2023/2024, 55.57% of data was estimated, and for 2024/2025 66.18% of data was estimated.

Absolute fuel disclosures account for 13 assets. 10 assets are included in LfL analysis.

ENERGY INTENSITY (ENERGY-INT)

The table below sets out the landlord obtained energy intensity from the Company's managed portfolio by sector.

	UNIT	INDICATOR	2023/2024	2024/2025
Office	kWh/m²/	Landlord-obtained energy	59.66	57.16
Retail	kWh/m²/	Landlord-obtained energy	42.81	28.01
Logistics	kWh/m²/	Landlord-obtained energy	47.71	45.13
Leisure	kWh/m²/	Landlord-obtained energy	37.64	37.61
Other	kWh/m²/	Landlord-obtained energy	19.19	30.83
Total	**kWh/m²/**	**Landlord-obtained energy**	**35.52**	**35.51**

GREENHOUSE GAS EMISSIONS (GHG-DIR-ABS; GHG-INDIR-ABS; GHG-INT)

The table below sets out the absolute, like-for-like and intensity of the GHG emissions per sector and for the Company overall.

	UNIT	INDICATOR	2023/2024	2024/2025
Office	tCO_2e	Total Direct Scope 1	0.00	0.00
		Total Indirect Scope 2 Location based	55.44	53.12
		Total Indirect Scope 2 Market based	0.00	0.00
Retail	tCO_2e	Total Direct Scope 1	158.68	108.15
		Total Indirect Scope 2 Location based	158.44	98.77
		Total Indirect Scope 2 Market based	0.00	0.00
Logistics	tCO_2e	Total Direct Scope 1	192.25	166.75
		Total Indirect Scope 2 Location based	246.07	249.82
		Total Indirect Scope 2 Market based	0.00	0.00
Leisure	tCO_2e	Total Direct Scope 1	0.00	0.00
		Total Indirect Scope 2 Location based	64.91	64.86
		Total Indirect Scope 2 Market based	0.00	0.00
Other	tCO_2e	Total Direct Scope 1	162.33	283.69
		Total Indirect Scope 2 Location based	53.70	60.27
		Total Indirect Scope 2 Market based	0.00	0.00
Total	**tCO_2e**	**Total Direct Scope 1**	**513.27**	**558.59**
		Total Indirect Scope 2 Location based	**578.57**	**526.85**
		Total Indirect Scope 2 Market based	**0.00**	**0.00**

The proportion of location based emissions estimated was 42.91% in 2023/2024, and 49.42% in 2024/2025. Scope 3 emissions have not been reported.

Absolute emissions disclosures account for 18 assets. 15 assets are included in LfL analysis.

Emissions Factors

- All energy consumption and GHG emissions reported occurred at the Company's assets all of which are located in the UK.
- The Company's GHG emissions are calculated according to the principles of the Greenhouse Gas (GHG) Protocol Corporate Standard.
  - The Company's Greenhouse Gas Emissions are reported as tonnes of carbon dioxide equivalent (tCO_2e), which includes the following emissions covered by the GHG Protocol (where relevant and available greenhouse gas emissions factors allow): carbon dioxide (CO_2), methane (CH_4), hydrofluorocarbons ('HFCs'), nitrous oxide (N_20), perfluorocarbons ('PFCs'), sulphur hexafluoride (SF_6) and nitrogen trifluoride (NF_3).
  - GHG emissions from electricity (Scope 2) are reported according to the 'location-based' approach which accounts for grid-based emissions and according to the 'market-based' approach which accounts for contractual arrangements to procure renewable energy.

- The Company has contracts in place to procure electricity from renewable sources, and as a result, the Company produces zero tCO_2e market-based emissions.

	UNIT	INDICATOR	2023/2024	2024/2025
Office	$kgCO_2e/ m^2/ year$	GHG emission intensity	12.35	11.84
Retail	$kgCO_2e/ m^2/ year$	GHG emission intensity	5.21	4.13
Logistics	$kgCO_2e/ m^2/ year$	GHG emission intensity	5.64	5.36
Leisure	$kgCO_2e/ m^2/ year$	GHG emission intensity	7.79	7.79
Other	$kgCO_2e/ m^2/ year$	GHG emission intensity	3.21	5.11
Total	$kgCO_2e/ m^2/ year$	**GHG emission intensity**	**4.99**	**5.22**

The following greenhouse gas emissions conversion factors and sources have been applied:

UTILITY	YEAR	GHG EMISSIONS FACTOR PER KWH	SOURCE
Electricity	2023	0.2070742	UK BEIS, Greenhouse Gas Reporting: Conversion Factors 2023
Gas	2023	0.1829289	UK BEIS, Greenhouse Gas Reporting: Conversion Factors 2023
Electricity	2024	0.207074	UK BEIS, Greenhouse Gas Reporting: Conversion Factors 2024
Gas	2024	0.182989	UK BEIS, Greenhouse Gas Reporting: Conversion Factors 2024

WATER (WATER-ABS; WATER-LFL; WATER-INT)

The table below sets out the absolute, like-for-like and intensity value water consumption from the Company's managed portfolio by sector. No assets met the criteria for like-for-like analysis.

	UNIT	INDICATOR	ABSOLUTE 2023/2024	ABSOLUTE 2024/2025	LIKE-FOR-LIKE 2023/2024	LIKE-FOR-LIKE 2024/2025	% CHANGE
Office	$m^3/year$	Total landlord-obtained water	792.09	761.22	–	–	0%
Retail	$m^3/year$	Total landlord-obtained water	302.84	935.64	–	–	0%
Logistics	$m^3/year$	Total landlord-obtained water	32,107.79	30,657.83	24.09	22.66	-6%
Leisure	$m^3/year$	Total landlord-obtained water	1,927.47	1,938.69	–	–	0%
Other	$m^3/year$	Total landlord-obtained water	18,167.59	32,034.62	–	–	0%
Total	$m^3/year$	**Total landlord-obtained water**	**53,297.76**	**66,328.01**	**24.09**	**22.66**	**-6%**

All water procured by AEW is procured via municipal water supplies or other public or private utilities. To the best of the Company's knowledge, no water is procured or recorded from surface water, sourced from wetlands, rivers, lakes, and oceans, from ground Water, from rainwater collection, or from waste water from another organisation.

	UNIT	INDICATOR	ABSOLUTE 2023/2024	ABSOLUTE 2024/2025	LIKE-FOR-LIKE 2023/2024	LIKE-FOR-LIKE 2024/2025	% CHANGE
Office	$m^3/m^2/year$	Water intensity	0.18	0.17	0.00	0.00	0%
Retail	$m^3/m^2/year$	Water intensity	0.01	0.02	0.00	0.00	0%
Logistics	$m^3/m^2/year$	Water intensity	0.51	0.48	0.00	0.00	-6%
Leisure	$m^3/m^2/year$	Water intensity	0.23	0.23	0.00	0.00	0%
Other	$m^3/m^2/year$	Water intensity	0.27	0.48	0.00	0.00	0%
Total	$m^3/m^2/year$	**Water intensity**	**0.29**	**0.36**	**0.00**	**0.00**	**-6%**

The proportion of water estimated was 52.59% in 2023/2024, and 64.59% in 2024/2025.

WASTE (WASTE-ABS; WASTE-LFL)

The table below sets out the waste managed (absolute waste production and like-for-like) by the Company by disposal route and by sector. Absolute waste production figures are estimated using a bespoke waste estimation tool that takes bin size and number of collections to calculate the amount of waste produced. The waste estimation tool has been externally validated and is accepted as evidence for GRESB submissions. This does not include waste disposal services procured directly by tenants. Whilst zero waste is sent directly to landfill, a residual component of the 'recycled' and 'incineration with energy recovery' waste streams may end up in landfill. The approach taken follows guidance provided by EPRA Best Practice Recommendations on Sustainability Reporting 2017.

	UNIT	INDICATOR	ABSOLUTE 2023/2024	ABSOLUTE 2024/2025	LIKE-FOR-LIKE 2023/2024	LIKE-FOR-LIKE 2024/2025	% CHANGE
Office	Tonnes	Hazardous	–	–	–	–	0%
		Non-Hazardous	40.71	–	40.71	–	-100%
		Recycled	18.19	–	18.19	–	-100%
		Landfill	–	–	–	–	0%
		Incineration	13.52	–	13.52	–	-100%
Retail	Tonnes	Hazardous	0.035	–	–	–	0%
		Non-Hazardous	597.18	183.54	571.68	183.54	-68%
		Recycled	30.28	82.91	27.43	82.91	202%
		Landfill	514.53	12.02	514.53	12.02	-98%
		Incineration	50.34	87.64	29.39	87.64	198%
Logistics	Tonnes	Hazardous	–	–	–	–	0%
		Non-Hazardous	11.93	8.34	11.93	8.34	-30%
		Recycled	6.31	0.34	6.31	0.34	-95%
		Landfill	–	–	–	–	0%
		Incineration	5.52	7.68	5.52	7.68	39%
Leisure	Tonnes	Hazardous	–	–	–	–	0%
		Non-Hazardous	28.59	32.57	28.59	32.57	14%
		Recycled	23.71	27.65	23.71	27.65	17%
		Landfill	–	–	–	–	0%
		Incineration	4.88	4.92	4.88	4.92	1%
Other	Tonnes	Hazardous	–	–	–	–	0%
		Non-Hazardous	11.78	13.20	7.41	–	-100%
		Recycled	3.62	3.46	2.47	–	-100%
		Landfill	4.94	–	4.94	–	-100%
		Incineration	3.22	9.74	–	–	0%
Total	Tonnes	Hazardous	0.04	–	–	–	0%
		Non-Hazardous	690.19	237.65	660.32	224.45	-66%
		Recycled	82.11	114.36	78.12	110.89	42%
		Landfill	519.47	12.02	519.47	12.02	-98%
		Incineration	77.48	109.98	53.30	100.24	88%

We present property energy, greenhouse gas ("GHG"), water and waste data on both an absolute ("abs") and like-for-like ("LfL") basis, covering assets in our UK based portfolio.

Our organisational boundary for environmental disclosure is based on the principle of operational control, and therefore includes all property assets where we are responsible for the procurement of energy, water and waste services.

A total of 14 assets in the portfolio reported GHG emissions for the 2024/2025 reporting period (year ended 31 March 2024: 14 assets). 11 assets reported water consumption for the 2024/2025 reporting period (year ended 31 March 2024: 4 assets), and 5 assets reported waste services (year ended 31 March 2024: 3 assets).

AEW has set a target to reduce absolute Scope 1 GHG emissions by 40% within the Managed Portfolio by 2030 as compared to the 2018 baseline. Additionally, a target has been set to reduce absolute Scope 2 GHG emissions by 40% within the Managed Portfolio by 2030 as compared to the 2018 baseline. This target is inclusive of the decarbonisation of the UK electricity grid over recent years.

The reporting scope for electricity consumption covers 100% of the portfolio on a floor area basis (Gross Internal Area) across 2023/2024 and 2024/2025. Scope 1 GHG emissions were reported for 100% of the portfolio, and Scope 2 GHG emissions were reported for 100% of the portfolio.

During the reporting year, the company procured 2,736 MWh (year ended 31 March 2024: 2,904 MWh) of like-for-like energy for use across the managed portfolio, which is 6% less like-for-like energy use than the prior year.

The Scope 1 and 2 GHG emissions for the year totaled 559 tonnes CO_2e (2023: 513 tonnes CO_2e). The absolute Scope 1 and 2 increased by 9% from 2023/2024 to 2024/2025.

During the period, the total reported waste amounted to 238 tonnes (year ended 31 March 2024: 690 tonnes), of which 12 tonnes (year ended 31 March 2024: 519 tonnes) was sent directly to landfill. In like-for-like terms, the amount of waste generated decreased from 2023/2024 to 2024/2025 by 66%, and the recycling rate increased by 42%.

SUSTAINABILITY CERTIFICATION (CERT-TOT): GREEN BUILDING CERTIFICATES

The Company has chosen not to pursue certification of any of its assets under measures such as BREEAM (the Building Research Establishment Environmental Assessment Methodology) or Green building certification. This decision will be reviewed periodically on an ongoing basis in the course of the Company's usual asset management activity.

SUSTAINABILITY CERTIFICATION (CERT-TOT): ENERGY PERFORMANCE CERTIFICATES

The Minimum Energy Efficiency Standards (MEES) Regulations stem from the Energy Act 2011, which has made it unlawful from April 2018 to let or renew leases at non-domestic properties in England & Wales with an Energy Performance Certificate (EPC) rating lower than an E, subject to certain exemptions. A 'hard backstop' which brings into the MEES standards existing leases will be introduced from 2024, again, subject to certain exemptions.

The table below sets out the EPC rating by Estimated Rental Value (ERV). An A rating reflects the most efficient rating with a G being the least efficient. 69% (by ERV) of the assets within the Companies portfolio have efficient A-C EPC ratings. This represents an increase of 6% vs. the previous reporting period.

	PORTFOLIO BY ERV (%)	
ENERGY PERFORMANCE CERTIFICATE RATING	2024/25	2023/24
A-C	69%	63%
D	21%	25%
E	8%	8%
F	–	–
G	–	–
Exempt	2%	3.6%
No EPC/Expired	0%	0.4%
Coverage	100%	100%

SUSTAINABILITY PERFORMANCE MEASURES (SOCIAL)

EPRA's Sustainability Best Practices Recommendations Guidelines 2017 ("EPRA's Guidelines") include Social and Governance reporting measures to be disclosed for the entity i.e. the Company. The Company is an externally managed real estate investment trust and has no direct employees. A number of these Social Performance measures relate to entity employees and therefore these measures are not relevant for reporting at the entity level. The Investment Manager to the Company, AEW UK Investment Management LLP has responsibility for the employees that support the Company. The Company aims to comply with EPRA's Guidelines and therefore has included Social and Governance Performance Measure disclosures in this report.

EMPLOYEE GENDER DIVERSITY (DIVERSITY-EMP)

As of 31 March 2025, the Company's Board comprised four members: two (50%) female and two (50%) male.

For further information on the Investment Manager's employee gender diversity please refer to the ESG link within the Corporate Responsibility area at www.aewukreit.com [1].

GENDER PAY RATIO (DIVERSITY-PAY)

The remuneration of the Company Board is set out on page 68 of this Annual Report.

For further information on the Investment Manager's gender pay ratio please refer to the ESG link within the Corporate Responsibility area at www.aewukreit.com [1].

TRAINING AND DEVELOPMENT (EMP-TRAINING)

Please refer to the Director Induction and Training section in the Corporate Governance Statement (page 58) for details on training for the Company's Board members.

The Investment Manager requires employees to complete mandatory internal training and encourage all staff with professional qualifications to maintain the training requirements of their respective professional body.

All employees of the Investment Manager that work on the Company's activities hold professional qualifications and have completed the relevant CPD for their respective professional bodies.

The Investment Manager also provides training to its employees to ensure that they understand and abide by the Anti-Bribery, Insider Trading and GDPR regulations.

EMPLOYEE PERFORMANCE APPRAISALS (EMP-DEV)

The Investment Manager's performance appraisal process requires annual performance objective setting and reviews for all staff.

For further information on the Investment Manager's performance appraisal statistics please refer to the ESG link within the Corporate Responsibility area at www.aewukreit.com [1].

The Investment Manager confirms that performance appraisals were completed for 100% of staff relevant to the Company in 2024.

EMPLOYEE TURNOVER AND RETENTION (EMP-TURNOVER)

For further information on the Investment Manager's employee turnover and retention please refer to the ESG link within the Corporate Responsibility area at www.aewukreit.com [1].

There have been no changes in the Investment Manager's staff that work on the Companies activities during the year.

EMPLOYEE HEALTH AND SAFETY (H&S-EMP)

For further information on the Investment Manager's employee health and safety (being the absenteeism rate) please refer to the ESG link within the Corporate Responsibility area at www.aewukreit.com [1].

ASSET HEALTH AND SAFETY ASSESSMENTS (H&S-ASSET)

All sites were inspected by MAPP's during the reporting period and further Health and Safety audits were carried out at those sites that are multi-let.

1 For direct link use: https://www.aewukreit.com/~/media/Files/A/AEW-UK-Reit/documents/aew-esg-flyer.pdf

ASSET HEALTH AND SAFETY COMPLIANCE (H&S-COMP)

No incidents of non-compliance with regulations/and or voluntary codes were identified during the reporting period.

COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS AND DEVELOPMENT PROGRAMMES (COMTY-ENG)

The Company, in conjunction with Mapp, participated in the KidsOut Charity 'Giving Tree' initiative. This initiative aims to provide children living in local refuge homes with a present to open on Christmas Day. To facilitate this, decorative tags with a child's name, age and suggested gift are placed on Christmas Trees in the receptions of participating offices throughout the Company's portfolio. Tenants of the offices can then use the details given on the tags to make a donation (£5-£10) to the KidsOut charity.

SUSTAINABILITY PERFORMANCE MEASURES (GOVERNANCE)
COMPOSITION OF THE HIGHEST GOVERNANCE BODY (GOV-BOARD)

The Board of the Company comprised 4 non-executive independent Directors (no executive board members) as at 31 March 2025.

- The average tenure of the four Directors to 31 March 2025 is 3 years and 3 months (31 March 2024 average tenure of four Directors is 3 years and 8 months);
- One Director on the Board possesses specific competencies relating to environmental and social topics. More information is outlined on page 79 (31 March 2024: one Director).

PROCESS FOR NOMINATING AND SELECTING THE HIGHEST GOVERNANCE BODY (GOV-SELECT)

The Company has established a Nomination and Remuneration Committee, which is responsible for board appraisal, succession planning, and determining the remuneration policy for the Directors and the Chairman. The Committee ensures that the remuneration framework supports the Company's strategic objectives and promotes its long-term sustainable success.

The Committee also reviews and makes recommendations on the composition of the Board to maintain an appropriate balance of skills, experience, and diversity – including gender – and to support the progressive refreshment of the Board.

Prior to the appointment of any new Director, the Committee prepares a detailed description of the role and the capabilities required. While the Committee is committed to selecting the most suitable candidate for each role, it also recognises the importance of promoting diversity. The Board values a broad range of experience, knowledge, professional skills, and personal qualities, alongside the independence necessary to provide effective oversight of the Company's affairs.

PROCESS FOR MANAGING CONFLICTS OF INTEREST (GOV-COL)

The Company maintains a Conflicts of Interest register that is managed by the Company Secretary and is reviewed at each quarterly Board meeting.

Please refer to the Director's Conflicts of interest section in the Corporate Governance Statement (page 58) for further details.

1 For direct link use: https://www.aewukreit.com/~/media/Files/A/AEW-UK-Reit/documents/aew-esg-flyer.pdf

TARGETS AND PROGRESS

During the period we set the following long-term targets to support our strategic ESG objectives. Each year these will be reviewed, with progress being regularly reported to the Board by the Investment Manager.

AREA OF FOCUS	TARGET	METRIC OF MEASURE	YEAR	PROGRESS
Health and Safety	To ensure all incidents are resolved within the required timeframe.	Number of incidents per year.	Yearly	MAPP track all instances via 'risk wise' with priority 1 issues being closed immediately.
Wellbeing	To promote health and wellbeing initiatives across all managed assets.	100% of managed assets to have a health and wellbeing tracker in year 1.	Yearly	Wellbeing tracker in place.
Social Value	To develop a tenant and community engagement programme.	Number of managed assets to have community engagement programmes per year.	Yearly	AEW initiatives working towards giving up to 2 working days for community engagement for each AEW staff member.
ESG Disclosure and Transparency	To achieve a Gold award for disclosure in line with EPRA sBPR.	Gold Rating EPRA.	Yearly	Achieved a gold rating in 2024.
	To continuously improve the GRESB rating year on year.	GRESB star rating and score.	Yearly	Achieved two stars in 2024 GRESB assessment and improved score from 67 in 2023 to 68.
	To strengthen alignment with the TCFD recommendations.	Align the TCFD by 2023 and provide full publication by 2024.	2024	Updated in this Annual Report in alignment with TCFD recommendations. See pages 77 to 88.
Managing environmental impacts	To develop sustainability action plans for all managed assets.	100% of all managed assets to have a sustainability action plan.	Yearly	Completed for all existing assets and new assets within six months of acquisition.
	To maintain renewable electricity for all landlord-controlled areas.	100% of all procured electricity to be from renewable sources.	Yearly	Achieved, all suppliers providing electricity from renewable sources.
	Energy consumption: To achieve a 40% reduction in absolute energy by 2030 based on the 2018 baseline.	40% reduction	2030	See page 144.
	GHG emissions: To achieve a 40% reduction in absolute energy by 2030 based on the 2018 baseline.	40% reduction	2030	See page 146.
	To improve the recycling rates on all managed assets.	Sum of waste recycled as opposed to incinerated with energy recovery.	Yearly	67% recycling rates on all office managed assets (2024: 65%). 78% recycling rates on all industrial managed assets (2024: 74%).
	To maintain zero waste to landfill on all waste managed.	100% of waste diverted from landfill on all waste managed assets.	Yearly	Currently 100%.
	To ensure there are no properties in the portfolio with an EPC below an E rating.	All non-compliant EPCs to be improved to a minimum E rating.	Yearly	See page 149.

Company Information

Share Register Enquiries

The register for the Ordinary Shares is maintained by MUFG Corporate Markets. In the event of queries regarding your holding, please contact the Registrar on +44 (0)371 664 0391 or email: shareholderenquiries@cm.mpms.mufg.com.

Changes of name and/or address must be notified in writing to the Registrar at the address shown on page 154. You can check your shareholding and find practical help on transferring shares or updating your details at www.signalshares.com. Shareholders eligible to receive dividend payments gross of tax may also download declaration forms from that website.

Share Information

Total Voting Rights	158,424,746
SEDOL Number	BWD2415
ISIN Number	GB00BWD24154
Ticker/TIDM	AEWU

Share Prices

The Company's Ordinary Shares are traded on the Main Market of the London Stock Exchange, which now operates under the FCA's listing category of a closed-ended investment fund.

Frequency of NAV publication:

The Company's NAV is released to the London Stock Exchange on a quarterly basis and is published on the Company's website.

Annual and Half-Yearly Reports

Copies of the Annual and Half-Yearly Reports are available from the Company's website.

Financial Calendar

4 September 2025	Annual General Meeting
30 September 2025	Half-year end
December 2025	Announcement of half-yearly results
31 March 2026	Year-end
June 2026	Announcement of annual results

Dividends

The following table summarises the amounts distributed to equity shareholders in respect of the period:

	£
Interim dividend for the period 1 April 2024 to 30 June 2024 (payment made on 23 August 2024)	**3,168,495**
Interim dividend for the period 1 July 2024 to 30 September 2024 (payment made on 29 November 2024)	**3,168,495**
Interim dividend for the period 1 October 2024 to 31 December 2024 (payment made on 7 March 2025)	**3,168,495**
Interim dividend for the period 1 January 2025 to 31 March 2025 (payment made on 30 May 2025)	**3,168,495**
Total	**12,673,980**

Directors

Robin Archibald (Non-executive Chairman of the Board and Chairman of the Management Engagement Committee)

Katrina Hart (Non-executive Director and Chairman of the Nomination and Remuneration Committee)

Mark Kirkland (Non-executive Director and Chairman of the Audit and Risk Committee)

Liz Peace (Non-executive Director and Senior Independent Director)

Registered Office

19th Floor
51 Lime Street
London EC3M 7DQ

Company Website

www.aewukreit.com

Investment Manager and AIFM

AEW UK Investment Management LLP
8 Bishopsgate
London EC2N 4BQ

Tel: 020 7016 4801
Website: www.aew.com

Property Manager

MAPP (Property Management) Limited
180 Great Portland Street
London W1W 5QZ

Corporate Broker

Panmure Liberum Limited
Ropemaker Place
25 Ropemaker Street
London EC2Y 9LY

Legal Adviser

Gowling WLG (UK) LLP
4 More London Riverside
London SE1 2AU

Depositary

Langham Hall UK LLP
8th Floor
1 Fleet Place
London EC4M 7RA

Administrator

Waystone Administration Solutions (UK) Limited
Broadwalk House
Southernhay West
Exeter EX1 1TS

Company Secretary

MUFG Corporate Governance Limited
Central Square
29 Wellington Street
Leeds LS1 4DL

Registrar

MUFG Corporate Markets IR Limited
Central Square
29 Wellington Street
Leeds LS1 4DL

Auditor

BDO LLP
55 Baker Street
London W1U 7EU

Valuer

Knight Frank LLP
55 Baker Street
London W1U 8AN

Copies of the Annual Report and Financial Statements

Upon request, printed copies of the Annual Report will be sent to shareholders shortly, and will be available on the Company's website.

National Storage Mechanism

A copy of the Annual Report and Financial Statements will be submitted shortly to the National Storage Mechanism ('NSM') and will be available for inspection at https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

Glossary

AIC	Association of Investment Companies. This is the trade body for closed-ended Investment companies (www.theaic.co.uk).
AIC Code	The AIC Code of Corporate Governance, as published in January 2024. A framework of best practice guidance for investment companies.
AIFMD	Alternative Investment Fund Managers Directive.
AIFM	Alternative Investment Fund Manager. The entity that provides portfolio management and risk management services to the Company and which ensures the Company complies with the AIFMD. The Company's AIFM is AEW UK Investment Management LLP.
AIF	Alternative Investment Fund. Alternative Investment Funds are funds that are not regulated at EU level by the UCITS Directive.
Annualised total property return	The average annual growth of an investment, including capital appreciation and income, calculated over a specific period.
Company	AEW UK REIT plc.
Company Secretary	MUFG Corporate Governance Limited
Company website	www.aewukreit.com
Contracted rent	The annualised rent, adjusting for the inclusion of rent subject to rent-free periods.
Direct vacancy costs	Property expenses that are directly related to the property including the following: rates/property taxes; service charge; insurance premiums; carbon tax; any other costs directly billed to the unit.
Dividend cover	The Company's ability to pay dividends to Shareholders based on net earnings.
DTR	Disclosure Guidance and Transparency Rules, issued by the FCA.
Earnings Per Share ('EPS')	Profit for the period attributable to equity shareholders divided by the weighted average number of Ordinary Shares in issue during the period.
EPC	Energy Performance Certificate.
EPRA	European Public Real Estate Association, the industry body representing listed companies in the real estate sector.
EPRA cost ratio (including direct vacancy costs)	The ratio of net overheads and operating expenses against gross rental income (with both amounts) excluding ground rents payable. Net overheads and operating expenses relate to all administrative and operating expenses.
EPRA cost ratio (excluding direct vacancy costs)	The ratio calculated above, but with direct vacancy costs removed from net overheads and operating) expenses balance.
EPRA Earnings Per Share	Recurring earnings from core operational activities. A key measure of a company's underlying operating results from its property rental business and an indication of the extent to which current dividend payments are supported by earnings.
EPRA Loan to Value ('EPRA LTV')	The ratio of net debt (including net payables) divided by the market value of property operating (including net receivables).
EPRA NAV	Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business.
EPRA Net Initial Yield ('EPRA NIY')	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the fair value of the property, increased with (estimated) purchasers' costs.
EPRA Net Disposal Value ('EPRA NDV')	This measure represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

EPRA Net Reinstatement Value ('EPRA NRV')	NAV adjusted to assume that entities never sell assets and aims to represent the value required to rebuild the entity.
EPRA Net Tangible Asset ('EPRA NTA')	NAV adjusted to assume that entities buy and sell their assets, thereby crystallising certain levels of unavoidable deferred tax.
EPRA Topped-Up Net Initial Yield	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).
EPRA Vacancy Rate	Estimated Rental Value ('ERV') of vacant space as a percentage of the ERV of the whole portfolio.
Equivalent Yield	The internal rate of return of the cash flow from the property, assuming a rise to ERV at the next review or lease expiry. No future growth is allowed for.
ESG	Environmental Social and Governance
Estimated Rental Value ('ERV')	The external valuers' opinion as to the open market rent which, on the date of the valuation, could reasonably be expected to be obtained on a new letting or rent review of a property.
External Valuer	An independent external valuer of a property. The Company's external valuer is CBRE, having previously been Knight Frank LLP.
Fair Value	The estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where parties had each acted knowledgeably, prudently and without compulsion.
Fair value movement	An accounting adjustment to change the book value of an asset or liability to its fair value.
FCA	The Financial Conduct Authority.
FRI lease	A lease which imposes full repairing and insuring obligations on the tenant, relieving the landlord from all liability for the cost of insurance and repairs.
GRESB	Global Real Estate Sustainability Benchmark.
Gross Asset Value	The aggregate value of the total assets of the Company as determined in accordance with IFRS.
Gross passing rental income	The rent receivable from the portfolio's leases at a particular reporting date. Allows the user to assess the cash receipts the Company is entitled to receive.
IFRS - UK	UK adopted International accounting standards in accordance with the requirements of the Companies Act 2006.
Investment Manager	The Company's Investment Manager, is AEW UK Investment Management LLP.
IPO	The admission to trading on the London Stock Exchange's Main Market of the share capital of the Company and listing of Ordinary Shares to the premium segment of the Official List of the FCA, on 12 May 2015.
Lease incentives	Incentives offered to occupiers to enter into a lease. Typically, this will be an initial rent-free period, or a cash contribution to fit-out. Under accounting rules, the value of the lease incentive is amortised through the Statement of Comprehensive Income on a straight-line basis until the lease expiry.
Lease surrender	An agreement whereby the landlord and tenant bring a lease to an end other than by contractual expiry or the exercise of a break option. This will frequently involve the negotiation of a surrender premium by one party to the other.
Leverage	The ratio of the loan balance to the value of the Company's Ordinary shares.

Like-for-like	The like-for-like valuation movement compares the valuation (as provided by the external valuer and before adjustments for lease incentives) of properties at the end of the period in question with the valuation at the start of the period. This measure only compares movements for those properties which were held at both the start and end of the period, so excludes the effects of acquisitions and disposals.
Loan to NAV	The loan balance drawn expressed as a percentage of the Company's Net Asset Value. Allows the user to assess the Company's gearing and is relevant, as this is the measure tested the Company's borrowing covenant.
Loan to GAV (also Gross Loan to GAV)	The loan balance drawn expressed as a percentage of the combined value of the Company's investment property portfolio (as assessed by the valuer) and the Company's other assets. Allows the user to assess the Company's gearing and is relevant, as this is the measure used under the Company's Investment Guidelines.
Loan-to-Value ('LTV')	The value of outstanding loans and borrowings (before adjustments for issue costs) expressed as a percentage of the combined valuation of the property portfolio (as provided by the external valuer) and the fair value of other investments.
MEES	Minimum Energy Efficiency Standard.
Net Asset Value ('NAV')	Net Asset Value is the equity attributable to shareholders calculated under IFRS.
NAV per share	Equity shareholders, funds divided by the number of Ordinary Shares in issue. This measure allows a comparison with the Company's share price to determine whether the Company's shares are trading at a premium or discount to its NAV calculated under IFRS.
NAV total return	The percentage change in NAV, assuming that dividends paid to shareholders are reinvested at the prevailing NAV to purchase additional Ordinary Shares. This is an alternative performance measure that the Company tracks, as it is a direct indicator of the value produced by the Company's operations.
Net equivalent yield	Calculated by the Company's External Valuers, net equivalent yield is the internal rate of return from an investment property, based on the gross outlays for the purchase of a property (including purchase costs), reflecting reversions to current market rent and items as voids and non-recoverable expenditure but ignoring future changes in capital value. The calculation assumes rent is received annually in arrears.
Net initial yield ('NIY')	The initial net rental income from a property at the date of purchase, expressed as a percentage of the gross purchase price including the costs of purchase.
Net Loan to GAV	Measure of gearing calculated as follows: (l-c)/v, where "l" is the loan balance drawn, "c" is the Company's cash and cash equivalents and "v" is the combined value of the Company's investment property portfolio (as assessed by the valuer) and the Company's investments. Allows the user to assess the potential effect on gearing of using the Company's cash to repay a portion of its loan balance.
Net Operating Income ('NOI')	The Company's gross operating income minus its operating expenses.
Net rental income	Rental income receivable in the period after payment of ground rents and net property outgoings.
Non-PID	Non-Property Income Distribution. The dividend received by a shareholder of the Company arising from any source other than profits and gains of the Tax Exempt Business of the Company.
Ongoing charges	A measure, expressed as a percentage of NAV, of the regular, recurring costs of running an investment company which is calculated in line with AIC methodology.
Ordinary Shares	Ordinary Shares of £0.01 each in the capital of the Company. Ordinary Shares are the main type of equity capital issued by conventional Investment Companies. Shareholders are entitled to their share of both income, in the form of dividends paid by the Company, and any capital growth.

Over-rented	Space where the passing rent is above the ERV.
Passing rent	The gross rent, less any ground rent payable under head leases.
PID	Property Income Distribution. A dividend received by a shareholder of the Company in respect of profits and gains of the tax exempt business of the Company.
Projected debt yield	Measure of risk, calculated by dividing the projected 12 month net operating income by the outstanding principal balance of the debt secured by the Company.
Property Total Return	The overall profit from a property investment, including capital appreciation and income.
Rack-rented	Space where passing rent is the same as the ERV.
REIT	A Real Estate Investment Trust. A company which complies with Part 12 of the Corporation tax Act 2010. Subject to the relevant UK REIT criteria being met continually, the profits from the property business of a REIT, arising from both income and capital gains, are exempt from corporation tax.
RETT	Real Estate Transfer Tax. The tax payable by the buyer on the purchase of a property. The RETT payable is calculated at a rate depending on the consideration paid for the property.
Reversion	Increase in rent estimated by the Company's external valuer, where the passing rent is below the ERV.
Reversionary yield	The anticipated yield, which the initial yield will rise (or fall) to once the rent reaches the ERV.
Share price	The value of a share at a point in time as quoted on a stock exchange. The Company's Ordinary Shares are quoted on the Main Market of the London Stock Exchange.
Shareholder total return	The share price movement and dividends (pence per share) received during a period, expressed as a percentage of the opening share price for the period. Calculated as follows: (b - a + d)/a, where "a" is the opening share price, "b" is the closing share price and "d" is dividends per share.
SRI	Socially Responsible Investment.
Total returns	The returns to shareholders calculated on a per share basis by adding dividends paid in the period to the increase or decrease in the share price or NAV. The dividends are assumed to have been reinvested in the form of Ordinary Shares or net assets.
Under-rented	Space where the passing rent is below the ERV.
UK Corporate Governance Code	A code issued by the Financial Reporting Council which sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders. All companies with a premium listing of equity shares in the UK are required under the Listing Rules to report on how they have applied the Code in their annual report and accounts.
Vacant ERV	Estimated Rental Value of a property that is currently unoccupied or vacant.
Void costs	Expenses incurred by the Company during periods when their rental property is vacant.
Voids	The amount of rent relating to properties which are unoccupied and generating no rental income. Stated as a percentage of ERV.
Weighted Average Unexpired Lease Term ('WAULT')	The average lease term remaining for first break, or expiry, across the portfolio weighted by contracted rental income.
Yield compression	Occurs when the net equivalent yield of a property decreases, measured in basis points.

Notes

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